Sustainability, Responsible Investment and Climate Change Supplement

1 July 2023 – 30 June 2024

7 November 2024

Contents

We acknowledge the Traditional Owners of Country throughout Australia. We also pay our respects to Elders past and present.
We acknowledge the ongoing connection that Aboriginal and Torres Strait Islander peoples have to this land and recognise them as the original custodians of the land.

01

Sustainability at Rest

Our approach to responsible investment, corporate responsibility, advocacy and engagement.

Rest exists for our members. Focused on their financial future, we support actions that help build a better, fairer and more sustainable world – from investing in clean energy, to advocating for a fairer super system.

To help our members achieve the best-possible retirement outcomes, we support actions for a better, fairer and more sustainable future.

Rest members

We're a super fund for people who believe in fairness and equality for all – we're committed to delivering value to all our members through competitive performance and profits to members. We offer a range of superannuation products, working with employers and industry associations to advocate and collaborate for the benefit of our members.

Investing for our members

Our focus is to grow our members' super savings in a responsible way. We do this through four investment beliefs:

- **Serve our members:** we work only for members, investing their money with the same care and respect we'd give our own
- **Keep a long-term focus:** super is for life. So, while we seek out opportunities to grow your savings today, we stay focused on delivering long-term results
- **Be responsible investors:** we support actions for a more sustainable future. We consider climate change and other environmental, social and governance (ESG) factors in our investment decisions
- **Maximise returns while keeping costs low:** we aim to maximise returns after carefully considering risks and costs. Being efficient helps us keep costs low.

Responsible investment

As a universal owner and long-term global investor with exposure across different markets, Rest believes that responsible investment adds value. Rest considers and integrates ESG factors to reduce risks, improve returns and maximise investment opportunities which supports investment outcomes for members retirement savings.

Refer to Section 2 Responsible investment and to the **Rest Responsible Investment Policy** to find out more.

Corporate responsibility

Rest strives to be a responsible organisation building stronger foundations through Board and management governance structures, and our people, workplace and suppliers.

Advocacy and engagement

We advocate to improve retirement outcomes for members – particularly young people, women, and those in lower-income, part-time and casual jobs. Our industry investment collaborations aim to promote good ESG practices across our industry and in the entities we invest in. This also means engaging with companies we invest in, which plays an important role in safeguarding and enhancing the value of these assets.

UN Sustainable development goals

We believe business and investment performance is unlikely to thrive in a world of poverty, inequality, unrest and environmental stress.

We therefore believe it's in the financial interests of our members that we align where we can to the **United Nations Sustainable Development Goals** (SDGs).

Endorsed by all 193 UN Member States in 2015, the 17 SDGs focus global efforts on a universal call to action to end poverty, protect the planet and ensure all people enjoy peace and prosperity by 2030.

They provide a blueprint to achieve a better and more sustainable future for all.

The success of the SDGs will be based on the combined efforts of every one of us, including the business and finance community. When reviewing all 17 SDGs in 2020, we prioritised five SDGs to align with as part of our contribution to sustainability.

We present our progress, as aligned to Rest's five prioritised SDGs, for the 2023/24 period.

SDG 5 Gender Diversity

People and Workplace

- Rest refreshed and launched a Diversity, Equity and Inclusion (DE&I) Strategy, including a policy, and targets. We have set new gender diversity targets of 40:40:20, that is 40 per cent female, 40 per cent male, and 20 per cent any gender. These targets are applicable to the board, executive leadership team (ELT), other leadership positions, and to all staff.
- Gender diversity metrics reported for 30 June 2024:
  - Rest Board: 37.5 per cent female, 62.5 per cent male. At 30 June 2024, there was a process underway to fill a vacant Board position.
  - Executive Leadership roles (ELT): 44 per cent female, 56 per cent male
  - All employees: 47.8 per cent female, 52.2 per cent male
- Our latest reporting to the Workplace and Gender Equality Agency (WGEA) shows that our average total remuneration Gender Pay Gap (GPG) was 10.6 per cent as at 31 May 2024. We formally review pay equity on a six-monthly basis.
- Rest supports developing early career awareness of the investment industry through a gender-focused intern program with the University of NSW (UNSW) and partnership with **Future IM/Pact**, an Australian industry initiative to attract diverse talent into front-office investment teams. Rest's investment team have proactively embraced gender diversity. Since 2020, the proportion of women in the investment team has grown from 21 per cent to 43 per cent.

Investments

- As members of the Australian Council of Superannuation Investors (ACSI), we supported engagement with companies on Board diversity, including higher representation of women on Boards. We engage with the relevant listed companies on targets for women in management roles and we continued engagement with companies where female Board representation is less than 30 per cent. As at 30 June 2024 the average percentage of women on ASX200 boards was 38 per cent.

Advocacy

- Rest continued to undertake direct advocacy, as well as involvement in industry advocacy through the Association of Superannuation Funds of Australia (ASFA), the Australian Institute of Superannuation Trustees (AIST) - now the Super Members Council of Australia (SMCA), and Women in Super to affect improvements to superannuation that make the system fairer for women.
- Rest's 2024/25 Pre-Budget Submission included a priority recommendation to improve gender equity in super through legislating for superannuation to be paid on the Commonwealth Parental Leave Pay Scheme.
- We welcomed the Government's subsequent announcement committing to legislate for payment of super on Parental Leave Pay.

SDG 7 Affordable and Clean Energy

Investments

- Collgar Wind Farm continues to be wholly owned by Rest and consists of 111 wind turbines and is a 222 Megawatts (MW) renewable energy project located south-east of Merredin in Western Australia.
- As at 30 June 2024, Rest had:
  - $1.61 billion invested in physical renewable energy and low-carbon solution assets (excluding listed Australian and listed overseas shares).
  - $178 million invested in green bonds, being bonds which aim to contribute to positive environmental outcomes, including for example, green bonds issued in accordance with the **International Capital Market Association Green Bond Principles.**
  - $3.39 billion invested in listed companies which contribute to the transition to a low carbon economy, as defined by **MSCI.**
- The Weighted Average Carbon Intensity (WACI) of the combined listed Australian shares and overseas shares portfolio fell by 44 per cent relative to the 2019 baseline year. WACI measures for our listed shares portfolios on 30 June 2020, 2021, 2022 and 2023 were all lower relative to the 2019 baseline year, in the range of -19 to -53 per cent. For more information see Section 2 Responsible Investment on page 23.

Advocacy

- Rest provided a submission to Treasury's consultation on design options for the Annual Performance Test, including options for changes to introduce benchmarks relating to the energy transition.
- We engaged directly with the Department of Industry, Science and Resources on the Government's Future Gas Strategy.
- Rest engaged, through industry bodies, on both the Government's Capacity Investment Scheme and the Electricity and Energy Sector Plan consultations.

SDG 8 Decent Work

8 DECENT WORK AND ECONOMIC GROWTH	**People and Workplace**	• In Rest's 2024 annual engagement survey undertaken in June, Rest achieved a 75 per cent employee engagement score, with an 80 per cent participation rate. In addition, 87 per cent of staff said they would recommend Rest as a great place to work.
	Modern Slavery and Supply Chain	• We continue to roll-out the third-party risk management module to assess exposure when we onboard new suppliers to Rest. • Reviewed five material suppliers and commenced the development of a ESG-related monitoring framework for key suppliers.
	Investments	• Minimising modern slavery risks in our investment portfolio is an ongoing focus. We engage both external investment managers and directly held asset manager teams to assess their progress in reporting against Australia's Modern Slavery Act. This includes their approach to identifying modern slavery risks in supply chains, how they would remediate their identified risks, and how these risks are reported at the investment portfolio level. • Rest is a member of the Investors Against Slavery and Trafficking Asia Pacific (IAST APAC). As part of this collaborative initiative, investors engage with companies in the Asia Pacific region to promote effective action to find, fix and prevent modern slavery, labour exploitation and human trafficking.
	Advocacy	• In our Pre-Budget Submission to the 2024/25 Commonwealth Budget, Rest advocated for Decent Work to be prioritised in the next phase of the Sustainable Finance Agenda. • Through our relationship with Investors Against Slavery and Trafficking Asia Pacific (IAST APAC), we advocated to the Australian Government to establish a National Victims Compensation Scheme for modern slavery.

SDG 10 Reduced Inequalities

Reconciliation Action Plan

- Rest's Reflect Reconciliation Action Plan (RAP) Working Group have focused on understanding how to improve service offerings for our First Nations members, actively engaged on cultural heritage with certain companies in our investment portfolio, participated in member-related outreach programs, cultural awareness activities and engaged with service partners.
- As part of the development of the Reflect RAP, Rest engaged First Nations Foundation (FNF) to provide advisory services to the RAP Working Group and FNF CEO, Phil Usher, regularly participates in and advises the working group.
- We participated in industry working groups including the Indigenous Super Working Groups (ISWG), overseen by FNF, focusing on streamlining forms across the industry, engagement with financial counsellors, recognition of First Nations peoples, and advocacy for kinship structures.
- Rest made a Pre-Budget Submission to the 2024/25 Commonwealth Budget, advocating for recognition of kinship structures in superannuation binding death benefit nominations.
- These initiatives aim to overcome longstanding barriers that have prevented First Nations people from accessing and managing their superannuation. For more details see the Reconciliation Action Plan section on page 15.

A Fairer Super System – Advocacy

- Rest's Pre-Budget Submission to the 2024/25 Commonwealth Budget included advocating for priority policy actions to remove inequality in the super system. This included through updating the Low-Income Super Tax Offset (LISTO) settings to benefit low-income earners, and legislating to extend the super guarantee to all workers under 18 years of age (including removing the requirement for under 18s to work 30 hours per week before being entitled to super).
- Rest continues to advocate for reforms to enable affordable, accessible, clear and easy to understand financial advice, which will particularly help enable lower and middle-income Australians to benefit from advice and provide them the opportunity to improve their financial position.

Advocacy and Investments – Housing

- Rest continued the research and selection into potential investments in Social and Affordable Housing. Rest also announced it is seeking to collectively partner with **IFM Investors** and other industry super funds to invest in social and affordable housing to generate long term risk-adjusted returns while increasing housing supply, helping to alleviate housing affordability.
- Rest has attended a variety of Government and industry roundtables and working groups on progressing social and affordable housing investment. This included the Commonwealth Government's Institutional Investors and Construction Sector Representatives Working Group, the Victorian Government's Housing Institutional Investment Advisory Group Roundtable and the IFM Social and Affordable Housing Working Group.
- Rest's Pre-Budget Submission to the 2024/25 Commonwealth Budget included advocating for priority policy actions to catalyse institutional investment in social and affordable housing.

SDG 13 Climate Action

Disclosure and transparency

- Rest conducted a gap analysis against the draft requirements of the government's incoming Australian Sustainability Reporting Standards (ASRS).
- Rest engaged directly and through industry bodies on the various climate-related financial disclosure consultation processes, including responding to the AASB's exposure draft ED SR1 Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information survey.

Investments

- We commenced the streamlined and consistent collection of data and information from our debt, alternatives, property, infrastructure, and private equity investment managers which should enable a better understanding of greenhouse gas emissions, complimenting the data we already have from listed Australian and overseas shares.
- We joined a UN Principles for Responsible Investment (PRI) coordinated collaborative sovereign engagement initiative on climate change focused on Australia. As part of the initiative, Rest is collaborating with a range of investors, both domestic and overseas, to support state government efforts to transition their economies to net-zero emissions.
- We continued engagement with listed companies that materially contribute to Australian listed shares emissions exposure on their climate change transition plans and voted on climate change-related resolutions at listed companies.

Advocacy

- Rest CEO, Vicki Doyle, continued to participate in the Treasurer's Investor Roundtable with Government and other financial institutions, which resulted in a number of climate-related outcomes, including agreement on a series of principles to guide six sector decarbonisation plans and support for the continued development of a Sustainable Finance Taxonomy .
- Rest supported the Federal Government's Sustainable Finance Agenda, including the Sustainable Finance Strategy, Sustainable Finance Taxonomy and the proposed climate-related financial disclosures framework. These initiatives are hugely important for mobilising private sector investment in support of Australia's emissions reductions targets and transition to a low-carbon economy.
- In 2023/24 Rest made submissions to Federal Government consultations in relation to the Sustainable Finance Strategy and the climate-related financial disclosure framework.
- Rest provided a submission to Treasury's consultation on design options for the Annual Performance Test, including options for changes to introduce benchmarks relating to the Net Zero transition and decarbonisation.

Materiality assessment

Rest undertook a materiality assessment in 2022/23, which was designed to help identify and understand the relative importance of specific environmental, social and governance (ESG) topics to our key stakeholders.

The results help to inform Rest's approach to sustainability, taking into account the potential impact of these factors on Rest, and the potential impact of the organisation on the external environment.

Nine material ESG topics were prioritised according to the importance of topics to Rest and its stakeholders. The materiality assessment was reviewed and remained relevant for 2023/24 and continues to inform the ongoing development of programs.

The nine material topics include:

1

Simple access to super

Support members to meet their financial and retirement needs by creating accessible, digitally enabled and inclusive products and education services for all members.

2

A fairer super system

Act as a voice for members and advocate for better retirement outcomes across funding, housing and superannuation.

3

Climate change and biodiversity

Drive positive industry change on climate and biodiversity via advocacy and engagement activities and consider climate and biodiversity impacts in investment decisions.

4

Trust and accountability

Maintain ethical, strong and reliable governance to ensure accountability and transparency in everything we do.

5

Be a responsible investor

Consider and integrate environmental, social and governance (ESG) factors to better manage risks, improve returns and maximise investment opportunities to support investment outcomes for members' retirement savings.

6

The best team to support our members

Serve Rest members better by promoting a positive culture, flexibility and wellbeing for Rest employees, that builds capability and retains talent.

7

Sustainable value chain

Influence business partners across our value chain to ensure the best social and environmental practices throughout our supply chain, investments and in the industries where our members work.

8

Decent jobs for everyone

Advocate for good employment that delivers secure work, superannuation, physical and mental wellbeing with a focus on worker rights and casualisation of the workforce.

9

Diversity, equality and inclusion

Consider diversity, equality and inclusion across our value chain and reflect Rest's diverse member base within our workforce.

Materiality assessment key stakeholders

As part of the development of the materiality assessment we engaged with a number of key stakeholder groups, with the aim to better understand their expectations and interests, in relation to sustainability.

Key stakeholder engagement involved workshops, interviews,surveys and desktop research.

Stakeholder feedback was analysed and topics were assigned weightings based on how relevant they were to Rest. Identified topics were then combined, scored and prioritised according to how prominent they were. The result of this materiality assessment is a list of prioritised topics of importance to Rest and its key stakeholders.

Members

Employers

Service providers

Investment managers and consultants

Board

Employees

Industry associations

Government and regulators

Community organisations

Reconciliation action plan

Rest launched its Reconciliation Action Plan (RAP) in May 2023

As one of Australia's largest profit-to-member super funds by membership, we recognise the role we can play in achieving reconciliation and addressing inequalities that exist for First Nation peoples.

We estimate tens of thousands of our members identify as Aboriginal or Torres Strait Islander peoples.

Our RAP outlines how Rest aims to work with Aboriginal and Torres Strait Islander peoples to promote reconciliation through our sphere of influence and formalises our commitment to addressing the inequalities that exist for First Nations peoples.

We recognise there are unique challenges our First Nations members face that can affect their access to and experience of the superannuation system. First Nations community members often encounter significant challenges with superannuation, leading to inadequate retirement savings and financial insecurity[1].

Aboriginal and Torres Strait Islander peoples are three times more likely to experience financial stress in retirement than other Australians. Due to lower life expectancy, Aboriginal and Torres Strait Islander people are also less likely to reach preservation age to access their retirement savings[2]. First Nations kinship structures are also not reflected in laws applying to superannuation death benefits.

Rest's RAP aligns with our commitment to advocate for a fairer and more equitable superannuation system and the fund's alignment to the prioritised UN Sustainable Development Goal 10: 'Reduced inequalities'.

Our RAP Working Group is sponsored by Board Chair and Independent Director, James Merlino and Rest Chief Executive Officer, Vicki Doyle is the Executive Sponsor. First Nations Foundation (FNF), led by Chief Executive Officer Phil Usher, provides advisory services to our RAP Working Group. During 2023/24, the RAP Working Group focus included:

- Deepening our comprehension of the systemic obstacles that impede First Nations peoples' engagement with the superannuation system. Through understanding the barriers, we are investigating opportunities to simplify and optimise the services we provide.
- Facilitating workshops with FNF to identify priority actions to strengthen the service offering to support First Nations' members including engagement with service partners.
- Participating in industry working groups including the First Nations Super Summit in February 2024. **The Summit Report 2024** outlined 6 focus areas for the super industry including:
  - the standardisation of forms
  - empowering financial counsellors to represent Indigenous clients effectively
  - improving cultural awareness of those in the superannuation sector who interact with First Nations communities
  - improving financial literacy education within Indigenous communities
  - enabling super funds to recognise individuals as Aboriginal or Torres Strait Islanders
  - acknowledging the significance of Indigenous kinship structures.

Following this summit the Indigenous Super Working Groups (ISWG) were formed, to address these key areas. The ISWG's are overseen by FNF and aim to ensure a future where all First Nations people attain financial security and a dignified retirement.

[1] Curtin University (April 2023) Curtin Tax Clinic Report, Prepared for National Indigenous Australians Agency, Grant System Agreement Number Project Schedule Reference Number 4-I2H8GEO Provider Reference Number 4-4AV2N9N / 1-8X40GC.

[2] Dockery, A. M. (2020) Aboriginal and Torres Strait Islander Australians and the Superannuation System. Bankwest Curtin Economics Centre and UniSuper.

Rest also attends and participates in a number of investment focused First Nations working groups including:

- Australian Council of Superannuation Investors (ACSI) Working Group on Rights and Cultural Heritage Risk Management
- Responsible Investment Association Australasia (RIAA) First Nations Working Group
- Australian Sustainable Finance Institute (ASFI) First Nations Reference Group.

Other actions Rest took throughout 2023/24 to support our RAP commitment included:

- We publicly advocated for the Voice to Parliament, believing it was an opportunity to support a fairer and more equitable future for Aboriginal and Torres Strait Islander peoples
- We hosted staff events for National Reconciliation Week, including extending the invitation to key service partners, including TAL, MUFG and Concentrix. All Rest staff were given cultural learning opportunities on financial services cultural awareness and the Voice to Parliament. The RAP working group and Executive Leadership Team also received cultural awareness training
- We participated in FNF Financial Wellness programs and started planning for participating in upcoming events in regional and remote areas including Townsville, Palm Island and East Arnhem Land
- In our 2024/25 pre-budget submission, we recommended the Government consult with First Nations peoples and the First Nations Super Working Group with a view to reform binding death benefit nominations to recognise kinship structures
- Through a combination of direct and collaborative approaches, we engaged 10 companies focusing on protecting First Nations cultural heritage and land rights
- We remain committed to reconciliation and advocating for a fairer and more equitable super system for First Nations peoples and all Rest members.

Artwork by Maggie-Jean Douglas, Gubbi Gubbi woman

Operational workplace emissions

Rest strives to be a responsible organisation and to build stronger sustainability foundations through our governance structures, people, workplace and suppliers.

Our goal for our operations is to create and maintain sustainable workplaces.

In 2023/24, we calculated our operational greenhouse gas (GHG) emissions footprint for 2022/23 in line with the Climate Active[1] carbon neutral standard. We sought and received external verification by a registered auditor who checked the 2022/23 workplace operational emissions.

Scope 3 financed greenhouse gas emissions associated with Rest's investment portfolio are excluded from this section. Refer to Section 2 Responsible Investment for more information on our approach to investment-related portfolio emissions.

Rest's operational emissions boundary for the purposes of calculating our operational workplace emissions includes the following locations and facilities:

- Sydney Offices:
  - Level 5 and 6, 321 Kent St Sydney 2000 NSW
  - Level 12, 309 Kent St Sydney 2000 NSW
- Melbourne Office:
  - Level 31, 140 William St Melbourne 3000 VIC
- Brisbane Office:
  - Level 28, 111 Eagle St Brisbane 4000 QLD

Industry alignment

We continue to assess opportunities to improve workplace sustainability practices in line with industry guidance including **City Switch** programs. We acknowledge that achieving carbon neutrality across our workplace operations is ultimately better practice.

As climate-related disclosure standards develop we strengthened our carbon reporting for 2022/23 with emerging regulatory guidance.

We expanded our scope 3 footprint to include professional services and advertising and marketing and explored the feasibility of achieving Climate Active certification. This has helped us prioritise our emissions reporting, and understand other areas where we could reduce emissions. We have continued to keep up to date with developments in carbon credits and carbon neutrality.

In 2023/24 we undertook the following actions to minimise our emissions:

- Purchased 100% renewable energy for our Sydney offices from May 2024 and continued to procure 100% renewable energy for our Melbourne offices
- Reviewed five material suppliers and commenced the development of a ESG-related monitoring framework for key suppliers
- Assessed employee work from home and travel emissions
- Engaged with employees to drive improvements through our sustainability initiatives.

2024/25 planned actions:

- Review opportunities to reduce emissions in our operational workplaces
- Ongoing analysis and engagement with material suppliers on emissions reduction activities.

[1] Climate Active is an Australian Government program **https://www.climateactive.org.au**.

Operational workplace emissions for 2022/23

Summary of GHG emissions for 2021/22 and 2022/23

Operational Boundary	Description	2021/22 (tCO_2e/yr)	2022/23 (tCO_2e/yr)
Scope 1		0	0
Scope 2	Electricity	116	126
Scope 1 and 2		**116**	**126**
Scope 3	Employee commute and work from home emissions, Base building services, telecommunications, office paper, ICT, equipment, business travel. 2022/23 includes additional emissions related to professional services, advertising and marketing.	2,508	12,871
Scope 1, 2 and 3 (Total)		**2,624**	**12,997**

The 2022/23 operational workplace emissions included a significant increase in Scope 3 emissions compared to 2021/22. This was a result of our expansion of Scope 3 emissions to include additional supply chain categories including professional services, advertising and marketing.

Sustainability, responsible investment and climate change governance

The Rest Board is responsible for our corporate governance. This includes our purpose, strategy and culture, risk management and compliance, and brand and reputation.

The Board provides leadership, strategic guidance and oversight that supports the sound and prudent management of Rest.

The Board is informed about progress on sustainability, responsible investment and climate change matters, to support strategic planning.

For responsible investment, the Rest Board considers a 'three-lens' approach to evaluate how ESG investment decisions may be assessed in the context of achieving members' best financial interests. These are:

- Member preferences: reflecting members' expectations on ESG topics
- Risk, return and opportunity: managing investment risks and leveraging opportunities
- Community expectations: reflecting the acceptance and/or approval that stakeholders and communities extend to Rest.

The diagram on page 20 of this document sets out the in practice governance structure during 2023/24.

The Board or its sub-committees receives sustainability-related updates throughout the year. This includes climate change progress related to Rest's workplace operations, supply chain, the Reflect RAP, and the five prioritised SDGs.

Responsible investment and climate change-related investment matters are reported to the Board Investment Committee (BIC), with material items presented at the Board.

Sustainability and climate change matters related to the Rest Risk Management Strategy (RMS), including for investments, workplace and supply chains, are reported to the Risk Committee (RC) each quarter.

Sustainability-related internal audits are presented to the Audit and Finance Committee.

Management responsibility for sustainability, responsible investment, and climate change

Chief Risk Officer (CRO)

The CRO is the executive sponsor for Rest's approach to sustainability and Chair of our cross-functional Sustainability Forum. The Forum meets monthly to advocate for sustainability across the organisation, share progress on Rest's prioritised SDGs, and collaborate on specific initiatives.

Chief Investment Officer (CIO)

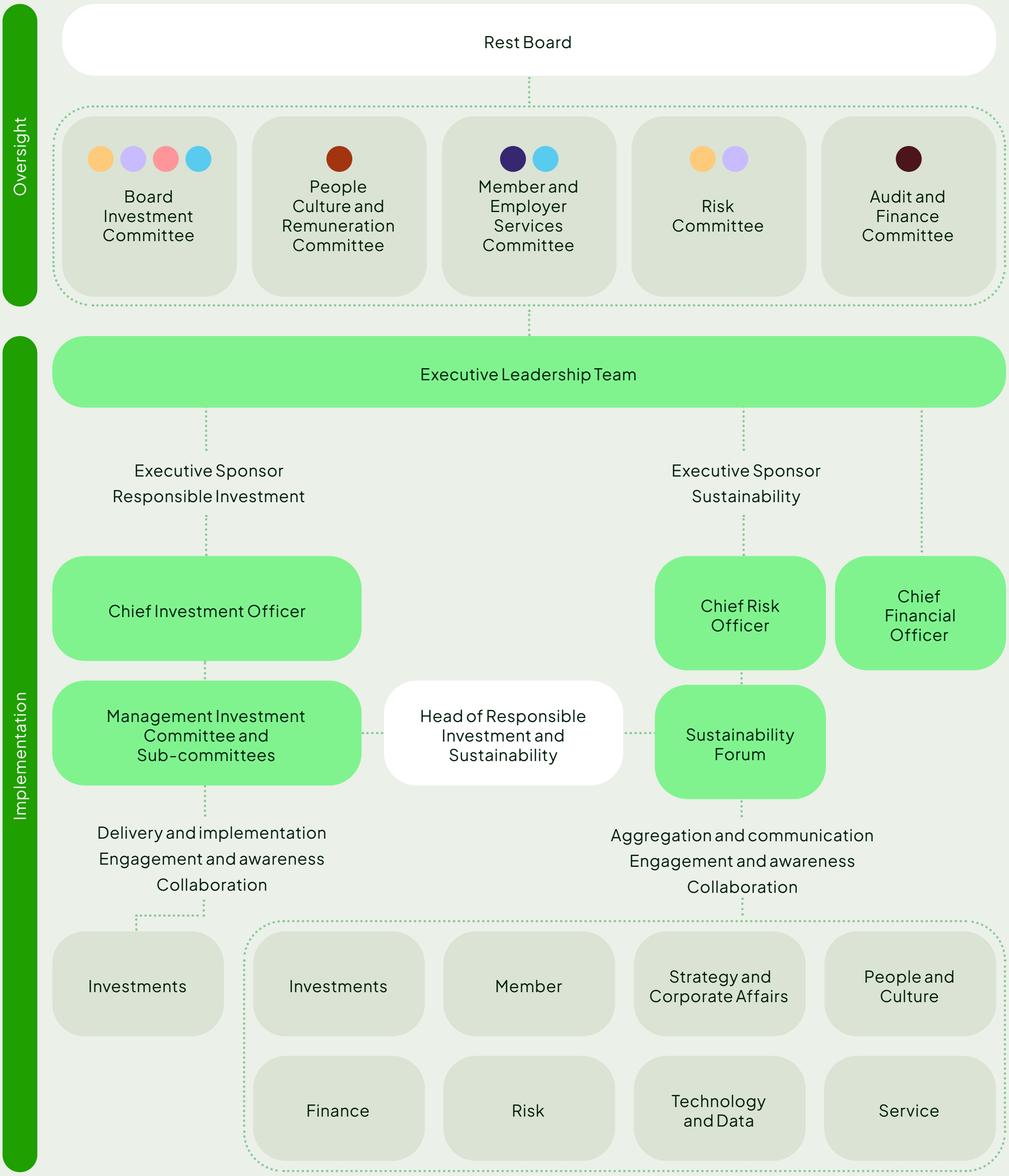
The CIO is accountable to the BIC for the performance of the functions and roles, as sub-delegated. The CIO chairs the Management Investment Committee (MIC).

Under Rest Investments' delegation framework, the CIO is accountable for responsible investment matters in the MIC. See Section 2 Responsible investment, for more information on investment governance on Page 28.

Head of Responsible Investment and Sustainability

The Head of Responsible Investment and Sustainability is a MIC member and leads the strategic direction and execution of Rest's practices across sustainability, responsible investment, and climate change matters.

Sustainability, responsible investment and climate change governance



- Modern slavery – BIC and RC
- Climate change – BIC and RC
- Diversity, equity, and inclusion – PCRC
- Responsible Investment – BIC
- Sustainable Growth option – BIC and MESC
- Member research – MESC
- Internal audit - AFC

RC: Risk Committee
BIC: Board Investment Committee
MESC: Member and Employer Services Committee
PCRC: People Culture and Remuneration Committee
AFC: Audit and Finance Committee

Approach and disclosure

This supplement to the Rest Annual Report presents Rest's sustainability, responsible investment and climate change disclosure, extending beyond what's available at **rest.com.au**.

It also discloses how Rest measures, monitors, and reports outcomes on climate change-related progress and actions in line with the recommendations of the **Task Force on Climate-Related Financial Disclosures** (TCFD). We note that 2023/24 was a significant year for the continued harmonisation of sustainability-related disclosures. The work of the TCFD came to completion with the TCFD disbanded and the recommendations incorporated into the International Sustainability Standards Board (ISSB) Standards.

Other documents available at **rest.com.au/annualreport** which complement and/or extend on this supplement include:

- Annual Report
- Annual Financial Report
- Modern Slavery Statement
- Tax Transparency Report.

Additional documentation is available at **rest.com.au/why-rest/about-rest/corporate-governance** including:

- Responsible Investment Policy
- Climate Change Investment Policy
- Proxy Voting Records
- Portfolio Holdings.

Reporting scope

This report outlines our approach to the management of sustainability, responsible investment and climate change at Rest. It covers the financial year 1 July 2023 to 30 June 2024, unless otherwise stated.

The evolving sustainability reporting landscape

Sustainability reporting frameworks are evolving as new international and Australian legislation and standards are being developed to streamline and standardise the reporting of sustainability-related information.

International Sustainability Standards Board (ISSB)

In June 2023, the International Sustainability Standards Board (ISSB) released two **Sustainability Disclosure Standards**:

- General Requirements for Sustainability-related Financial Information
- Climate-Related Disclosures.

The requirements of the ISSB climate-related disclosures are largely consistent with TCFD, although there are some differences that require an organisation to make additional disclosures. These include, industry-based metrics, information about its planned use of carbon credits to achieve its net emissions targets, additional information about its targets and scope 3 financed GHG emissions[1].

Australian Sustainability Report Standards

During 2023/24 Rest engaged directly and through industry bodies on the various climate-related financial disclosures consultations including:

- the exposure draft legislation from Australian Treasury which included proposed amendments to the Corporations Act 2001 to introduce a mandatory climate-related financial disclosure regime.
- the **Australian Accounting Standards Board** (AASB) released two draft **Australian Sustainability Reporting Standards** (ASRS). Rest responded to the exposure draft, ED SR1 Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information survey.

The standards are intended to align with the ISSB climate-related disclosures. The ASRS provides guidance on the disclosure of climate-related Financial Information across governance, strategy, risk management, and metrics and targets.

Sustainability Reporting Roadmap

During 2023/24 Rest developed an initial three-year Sustainability Reporting Roadmap that identified priority areas to meet the expected and future climate-related financial information standards.

We expect further developments on sustainability-related disclosure requirements over the course of 2024/25.

[1] https://www.ifrs.org/sustainability/knowledge-hub/making-the-transition-from-tcfd-to-issb/

02

Responsible investment

Responsible investment context

Responsible investment involves a consideration of ESG factors in investment decisions to better manage risk, improve returns and maximise investment opportunities which supports investment outcomes for members' retirement savings.

The ESG factors we consider include those stated in the **Rest Responsible Investment Policy**, Rest **Product Disclosure Statements** and any incorporated in the **Investment Guide** (effective 30 September 2024). These factors cover environmental (e.g. climate change and biodiversity), social (e.g. modern slavery and human rights), and governance (e.g. corporate governance and Board diversity) considerations.

There are a number of different approaches to responsible investment, and typically (with the exception of Rest's Indexed options) a combination of approaches are implemented depending on the investment options offered by Rest.

Rest's approach to Responsible Investment

Rest's approach to Responsible Investment varies between investment options as follows:

Responsible Investment Approach:	**ESG integration**	**Active ownership**	**General exclusions – negative screens**	**Additional ESG considerations**
Cash	✓	✓	✓	✗
Capital Stable	✓	✓	✓	✗
Balanced	✓	✓	✓	✗
Sustainable Growth	✓	✓	✓	✓
Growth	✓	✓	✓	✗
High Growth	✓	✓	✓	✗
Balanced - Indexed	✗	–	✗	✗
Overseas Shares – Indexed	✗	–	✗	✗
Australian Shares – Indexed	✗	–	✗	✗

✓ Rest's approach to responsible investment applies

✗ Rest's approach to responsible investment does not apply

– Rest's approach to active ownership is not directly applied, however members in these options may benefit from active ownership activity Rest undertakes for securities held in other investment options, when the same security is held in this option.

Rest's responsible investment approaches include:

- ESG integration: the consideration of material ESG factors in investment decisions and when we engage investment managers to invest for us. Refer to the Strategy section on page 30 and Risk Management section on page 38.
- Active ownership: communicating members' long-term investment interests to certain companies in which the Fund invests, and to investment managers who invest on Rest's behalf. We do this using Rest's ownership rights to influence activities or behaviours to seek to improve investment performance. Keeping consistent with 2022/23 General Screening. Refer to Active Ownership on page 40.
- General exclusions (negative screens) and Additional ESG Considerations. For further information refer to Section 7 of the **Investment Guide** (effective 30 September 2024), and the **Rest Product Disclosure Statements**. For further details on the Sustainable Growth investment option refer to Section 8 of the **Investment Guide** (effective 30 September 2024).

Rest's six pillars of responsible investment are summarised on page 30.

To better understand the main responsible investment approaches that apply to Rest's investment options, please refer to Section 7 of the **Investment Guide** (effective 30 September 2024), and the **Rest Product Disclosure Statements**.

You can also find out more about which investment holdings your Super or Pension option holds on our 'How we invest' **website**.

Responsible investment collaborations

Joining industry associations and collaborations is an important mechanism in addressing ESG-related systemic risks, such as climate change, which can affect investment portfolios. These relationships help to draw on a range of perspectives and expertise across the industry and develop a shared understanding of the issue or issues. During the reporting period, we were or became members of the following:

The Principles for Responsible Investment **PRI**[1] works to understand the investment implications of ESG factors and helps investors incorporate them into investment and ownership decisions. Being a signatory informs Rest's responsible investment approach.

Australian Council of Superannuation Investors (**ACSI**) exists to provide a strong voice on financially material ESG issues, particularly covering Australian shares.

As a member of ACSI, Rest receives support in exercising active ownership, through ACSI's ongoing research, engagement, advocacy and voting recommendations in relation to ASX 300 companies. For details on Active Ownership refer to page 40.

Rest sits on both the ACSI Board and the Member Advisory Council and as part of that role, contributes to ACSI's program of work.

The Investor Group on Climate Change (**IGCC**[2]) supports investment beneficiaries by encouraging government policies and investment practices that address the risks and opportunities of climate change.

During 2023/24, Rest was represented on the Physical Risk & Resilience, Corporate Engagement, Policy and Advocacy and newly formed Campaigns working groups. This membership informs Rest's responsible investment and advocacy approach.

Responsible Investment Association Australia (**RIAA**) champions responsible investing and a sustainable finance system in Australia and New Zealand.

Rest is represented on the RIAA First Nations Peoples' Rights, Human Rights, and Nature working groups.

This membership informs Rest's responsible investment approach, particularly across our Sustainable Growth option, which is RIAA certified.

The Global Real Estate Sustainability Benchmark, otherwise known as **GRESB**[3] provides a methodology and consistent framework to measure the ESG performance of individual real estate and infrastructure assets and portfolios based on self-reported data. Rest uses GRESB to help manage ESG risks, capitalise on opportunities and engage with investment managers.

This membership informs Rest's responsible investment approach, particularly across Property and Infrastructure.

Green Building Council of Australia (**GBCA**) aims to lead the sustainable transformation of the built environment. The GBCA rates the sustainability of buildings, fitouts and communities, through Green Star, educates the industry, advocates for policies and enables 650+ members to collaborate.

As a member of GBCA, we have access to resources, tools, and networks that provides guidance on green building certifications and enhanced environmental performance.

---

[1] Principles for Responsible Investment is a registered trademark of the PRI Association.
[2] Investor Group on Climate Change is a registered trademark of Investor Group on Climate Change Australia/New Zealand Inc.
[3] GRESB® is a registered trademark of GRESB BV.

WORLD GREEN BUILDING COUNCIL	The World Green Building Council (**WorldGBC**) catalyses the uptake of sustainable and decarbonised built environments (i.e. Property asset class) for everyone, everywhere. As a signatory to WorldGBC, all buildings within the direct control of Rest's property portfolio are required to be net zero carbon in operation by 2030 through energy efficiency, purchasing renewable power and carbon offsets.
FAIRR A COLLER INITIATIVE	We are a member of the **FAIRR** Initiative's investor network, which aims to help build a more sustainable food system by raising awareness of the material risks and opportunities present in the global food sector. As a member of FAIRR, we have access to resources to help inform identification of these specific ESG-related risks and opportunities relevant to listed Australian and overseas shares.
A proud supporter of: Climate Action 100+ Global Investors Driving Business Transition	**Climate Action 100+** is an investor-led initiative involving more than 700 investors across 33 markets, engaging the world's largest listed greenhouse gas emitting companies on improving climate change governance, cutting emissions and strengthening climate-related financial disclosures. Rest is an investor signatory to this initiative, which helps to inform us about climate-related risks and opportunities relevant to listed Australian and overseas shares.
Nature Action 100	**Nature Action 100** is a global investor-led engagement initiative that aims to support greater corporate ambition and action on reversing nature and biodiversity loss to mitigate financial risk and to protect the long-term economic interests of investors' clients and beneficiaries. As part of the initiative, investors engage with companies in key sectors deemed systemically important in reversing nature and biodiversity loss by 2030. Rest is an investor signatory to this initiative, which helps to inform us about nature-related risks and opportunities relevant to listed Australian and overseas shares.
Australian Sustainable Finance Institute	The Australian Sustainable Finance Institute (**ASFI**) is committed to realigning the finance sector in Australia to create a more sustainable and resilient financial system. ASFI operates across the whole financial system in Australia to address systemic challenges across climate, environment and social aspects of the sustainable finance agenda. ASFI informs Rest's approach to responsible investment, and input into sustainable finance policy and advocacy. Through our membership of ASFI, we are supporting the development and implementation of an Australian sustainable finance strategy, including a sustainable finance taxonomy.
ACTU workers' capital	We are a partner fund in the Australian Council of Trade Unions (**ACTU**) Centre for Workers' Capital which was established as a resource for investors to better understand social-related factors including labour rights, health and safety, and to more deeply understand the issues faced by workers in the supply chain. As a partner fund, we have access to resources to help inform identification of these specific ESG-related risks and opportunities relevant to listed Australian and overseas shares.
IAST APAC	Investors Against Slavery and Trafficking Asia Pacific (**IAST APAC**) initiative is an investor-led, multistakeholder project of which Rest is a member. As part of the initiative, investors engage with companies they hold shares in across the Asia Pacific region to promote effective action to find, fix and prevent modern slavery, labour exploitation and human trafficking. Further information on the initiative can be found at **iastapac.org/about/.**

Governance | Responsible investment and climate change

Rest's Board oversights responsible investment and climate-related risks and opportunities, whilst Rest's Management assess and manage these.

Integrating responsible investment and climate change into governance structures

The Board is supported by the Board Investment Committee (BIC), whose role is to recommend investment strategy for Board approval and oversee the implementation of the investment strategy.

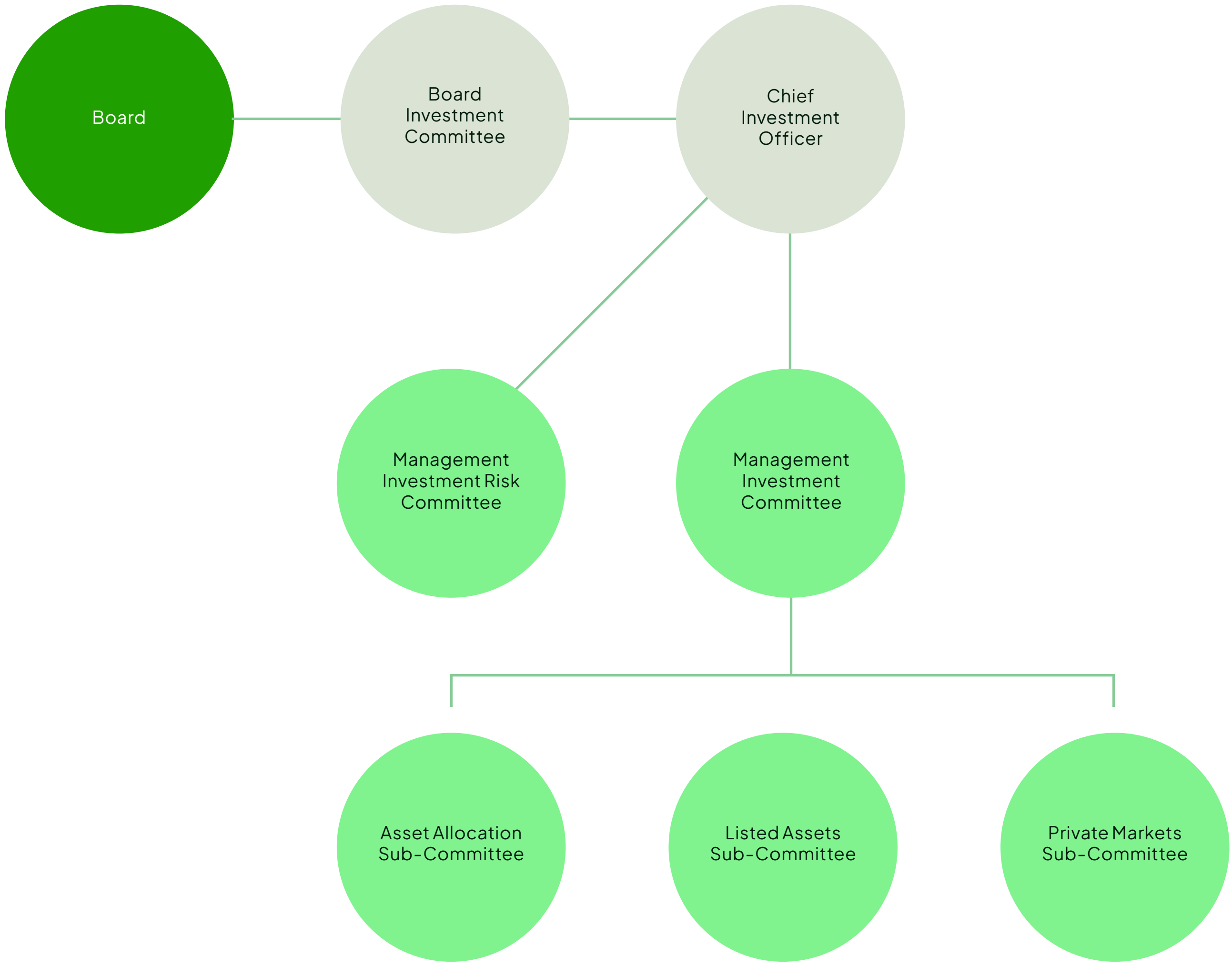
Rest implements this strategy through the Management Investment Committee (MIC) chaired by the Chief Investment Officer (CIO). This committee and its sub-committees continue to integrate ESG factors and considerations throughout the investment decision making process.

The Management Investment Risk Committee (MIRC) continues to report on the progress of risk management processes and practices, which are subsequently reported to the BIC.

The sub-committees all contribute towards strengthening the implementation of responsible investment matters and initiatives.

Investment governance

The Board's role is to ensure the sound and prudent management of the Trustee's business operations, provide leadership and strategic guidance and delivery of the Rest purpose. This includes the Board being satisfied that Rest has in place an appropriate governance framework for the Board to monitor and review the activities of Rest management.



Responsible Investment and Climate Change Policies

Rest's **Responsible Investment Policy** has been in place since June 2021. It underwent a review in June 2024 to ensure ongoing appropriateness.

Rest established an annually reviewed **Climate Change Policy** in 2018. It was last reviewed in May 2024.

Strategy | Responsible investment and climate change

The Rest Board-approved responsible investment pillars guide our Responsible Investment (RI) Strategy. This includes our public endorsement of actions that support the Paris Agreement and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Our six pillars of responsible investment are:

1. Governance
2. ESG integration
3. Active ownership
4. Screening, thematic and impact investing
5. Collective responsibility and advocacy
6. Disclosure and transparency.

Our approach to responsible investment is informed by a range of guidance and initiatives, such as:

- The Principles for Responsible Investment (**PRI**) framework
- The Responsible Investment Association Australasia (**RIAA**)
- Member surveys and sustainability materiality analysis
- Sustainable finance initiatives globally
- Industry best practice of domestic and global superannuation funds and investment managers.

We consider these against our purpose, mission, fund structure and member preferences. Our **Rest Responsible Investment Policy** explains our approach.

Six pillars of responsible investment

Governance

Board oversight, management's role and risk management.

Refer to Governance on page 28.

ESG Integration

Aims to better manage risks, improve returns and maximise investment opportunities.

Refer to Strategy on page 30 and Risk Management on page 38.

Active Ownership

Using our rights and positions of ownership to protect and enhance long- term returns.

Refer to page 40.

Screening Thematic and Impact Investing

Implementing a range of responsible investment approaches.

Refer to page 35.

Collective Responsibility and Advocacy

Part of a common voice on environmental, social and governance factors.

Refer to pages 26 and 50.

Disclosure and Transparency

Informing you about what matters.

Refer to page 21.

Investment Strategy Climate Scenario Analysis

In 2024, we used insights from our climate change scenario analysis to inform our annual strategic asset allocation (SAA) review to help us understand how investment options might perform under different climate policy scenarios[1]. While prior years' analysis was limited to our Growth (formally Core Strategy) and Sustainable Growth options, the 2024 analysis was expanded to incorporate Capital Stable, Balanced, Diversified, and High Growth.

Our approach

Economic forecasting plays an important role in our SAA review to help us manage risk and maximise returns for our investments. By analysing key economic factors—including interest rates, inflation, and real GDP growth—we develop various potential economic scenarios. These insights inform our investment decision making and guide us to invest in areas we believe will have the best outcomes for members.

Since 2020, we have integrated climate change considerations into this process by looking at how different climate policies could impact these economic factors. In 2024, we sourced macroeconomic data from Oxford Economics and climate scenarios (transition and physical risk implications) from the Network for Greening the Financial System **NGFS** for this analysis. We stress tested the SAA of Growth (formally Core Strategy), Capital Stable, Balanced, Diversified, High Growth and Sustainable Growth options against three different climate scenarios to model expected performance outcomes.

The three climate-scenarios we used were 'Current Policies', 'Delayed Transition' and 'Net Zero by 2050' and we analysed them over three time periods: 2030, 2040 and 2050. We chose these three scenarios because they have been developed by an expert group of climate scientists and economists as a reference point for understanding how climate change, climate policy and technology trends could evolve under the three different futures.

In 2024, we stopped using International Energy Agency (IEA) scenarios and switched to use NGFS scenarios as these are specifically designed for the financial sector, are widely used in our industry and cover many countries and time periods. For more information see **NGFS website**.

[1] Predicting the medium to long term impacts of climate change on economic activity and investment returns is difficult and uncertain, however it is a useful tool that helps us build resilience across the portfolio.

Why do we use climate scenario analysis?

Scenario analysis helps us to identify and manage climate-related risks and opportunities – at a macro level - within the investment portfolio, including:

- Highlighting the potential portfolio vulnerabilities to climate-related financial risks,
- Identifying potential asset class risks, such as stranded assets resulting from policy changes, which asset classes could face higher operating costs due to carbon pricing, and which investments may be exposed to increased physical risks.
- Informing SAA decisions, by providing insights about risks, and about emerging opportunities that enable a lower carbon transition.

NGFS Climate Scenario predictions tested

1. **Net Zero by 2050:**

- This scenario assumes that ambitious climate policies are introduced immediately, and emissions start decreasing as a result.
- Net zero emissions are reached around 2050, with global warming limited to 1.5°C by 2100 (compared to pre-industrial levels).
- Physical risks are relatively low, but transition risks are high.
- This scenario is aligned with the goals of the Paris Agreement.

2. **Delayed Transition:**

- This scenario represents a disorderly transition, predicting new climate policies are not introduced until 2030.
- Emissions would peak by 2030 and then decrease, keeping global temperature rise below 2°C by 2100 (compared to pre-industrial levels), but it is unlikely net zero emissions is achieved by 2050.
- This scenario has higher associated transition and physical risks, with the delay in action likely to result in increased investment risks, fewer investment opportunities and limited availability of carbon reduction technologies.
- This scenario is broadly aligned with the goals of the Paris Agreement.

3. **Current Policies:**

- Often called the "business as usual" scenario, this scenario is based on currently enacted, agreed or announced government policies and energy settings.
- Emissions will keep growing until 2080, causing the average global temperature to rise by 3°C+ by 2100 (compared to pre-industrial levels), which will lead to severe physical risks.
- This scenario does not align with the goals of the Paris Agreement.

Key assumptions under each scenario

The three scenarios we used to compare against our base case key economic factor assumptions are characterised by their overall level of physical and transition risk. This is driven by the level of policy ambition, policy timing, coordination and technology levers. The key assumptions are outlined in **NGFS Scenarios for central banks and supervisors, November 2023*****.

Scenario	Physical risk	Transition risk			
	End of century (peak) warming – model average	Policy reaction	Technology change	Carbon dioxide removal*	Regional policy variation**
Net Zero 2050	1.4°C (1.6°C)	Immediate	Fast change	Medium-high use	Medium variation
Delayed Transition	1.7°C (1.8°C)	Delayed	Slow/Fast change	Medium use	High variation
Current policies	2.9°C (2.9°C)	None – current policies	Slow change	Low use	Low variation

Source: Adapted from **NGFS, 2023.**

Lower risk　Moderate risk　Higher risk

Case Study: Key observations for Growth (previously Core Strategy):

The analysis was undertaken internally by Rest. The insights gained from scenario modelling helped to inform strategic asset allocation decisions under alternative climate scenarios.

1. Net zero by 2050 scenario:
   When compared to Rest's base case key economic factor assumptions stringent near-term climate policies result in short-term economic costs through to 2030. These negatively impact expected investment returns, but they subsequently result in more favourable return outcomes through to 2040 and 2050.
2. Delayed transition scenario:
   The expected return impact in a delayed transition scenario is more favourable than the net zero scenario leading up to 2030 However, given the subsequent disorderly transition effects, expected returns in 2040 are negatively impacted. By 2050 expected returns lag the Net zero by 2050 scenario.
3. Current policies scenario:
   This scenario shows expected returns to largely reflect base case key economic factor assumptions.

* The impact of carbon dioxide removal (CDR) on transition risk is twofold: on the one hand, low levels of CDR imply an increase in transition costs, as reductions in gross emissions should be obtained in a different way; on the other hand, high reliance on CDR is also a risk if the technology does not become more widely available in the coming years.

** Risks will be higher in the countries and regions that have stronger policy. For example, in Net Zero 2050, various countries and regions reach net zero by 2050, while many others have emissions of several Gt of CO2e.

*** This assessment is based on expert judgment based on how changing this assumption affects key drivers of physical and transition risk. For example, higher temperatures are correlated with higher impacts on physical assets and the economy. On the transition side economic and financial impacts increase with a) strong, sudden and/or divergent policy, b) fast technological change even if shadow carbon price changes are modest, c) limited availability of carbon dioxide removal meaning the transition must be more abrupt in other parts of the economy, d) stronger policy in those countries and/or regions.

Our investment process and ESG factors

Rest invests in a range of asset classes worldwide, using both internal investment capability and external investment and fund managers.

ESG factors, including climate change, are considered across many levels including at the whole of fund level, the asset class and/or individual asset level and during the investing and ownership process. How ESG factors are integrated depends on the context, including factors such as the materiality of a particular issue, whether the assets are in public or private markets, the asset class, and whether the investment is managed by Rest, through an investment manager or is held through a collective investment vehicle (such as a private fund).

Rest conducts ESG due diligence, assessing ESG factors in an asset class context, both when selecting investment and fund managers, and when reviewing these managers.

Rest believes investment and fund managers that identify and effectively manage material ESG and climate-related risks and opportunities enhance long-term financial performance of the investments they manage. We therefore expect investment and fund managers to understand ESG and climate-related risks and opportunities and how they can best be integrated into investment decisions.

Based on our internal assessment and rating of ESG factors we give each investment and fund manager and their investment strategy an overall rating of **'developing', 'improving'** or **'leading'.** This is based on their responsible investment evidence of the commitment including through governance, policies, collaboration, reporting and active ownership.

Over the course of the financial year, we updated the assessment criteria we use when we select and appoint investment and fund managers to reflect evolving ESG-related developments, e.g. nature-related risks. We aim to appoint 'improving' or 'leading' investment and fund managers, and assess how ESG is integrated into their investment strategy, including climate change risks and opportunities, and modern slavery.

Our appointed investment and fund managers are expected to monitor ESG risks and opportunities that relate to Rest's investments. Rest also encourages its investment and fund managers to align their remuneration and culture with the thinking needed to generate long-term returns. Once an investment or fund manager is appointed, Rest undertakes ongoing monitoring through annual asset class reviews, and may focus extra engagement with specific 'developing' managers to improve ESG-related performance. Investment managers under mandate have formal climate change-related clauses aligned with Rest's Climate Change Policy.

Our BIC, MIC and MIC sub-committees review asset classes each year. ESG and climate-related considerations are included in every review, as per our **Responsible Investment Policy** and **Climate Change Policy**.

Taskforce on Nature-related Financial Disclosure (TNFD)

The Taskforce on Nature-related Financial Disclosure (TNFD) **is a market-led, science-based and government-supported global initiative.** The TNFD published disclosure recommendations in September 2023. The guidance aims to encourage and enable business and finance to identify, assess, respond to and disclose their nature-related dependencies, impacts, risks and opportunities. The aim is to support a shift in global financial flows away from nature-negative outcomes and towards nature-positive outcomes.

During 2023/24, Rest initiated an internal Nature and Energy Transition Working Group to commence the development of a multi-year nature-related plan that aims to align with the TNFD recommendations and that is informed by Nature Action 100 company engagements. For further information refer to Collaborations on page 26.

Impact Investing

One of the most meaningful contributions we can make to addressing sustainability challenges is through how we invest. This includes impact investing, which forms one part of Rest's overall approach to responsible investing.

Rest's approach

Rest defines impact investments as investments made, in members' best financial interests, to provide a financial return and a social and/or environmental return. Rest assesses impact investments through our proprietary impact due diligence framework (as described below). The intention to generate positive, measurable social and/or environmental return is in addition to the management of ESG related investment risks and opportunities.

Rest is targeting a one per cent allocation of its total funds under management to impact investments as at 30 June 2026. Depending on the asset class, impact investments may be included in any Rest investment option, with the exception of Balanced – Indexed, Australian Shares – Indexed, Overseas Shares – Indexed and Cash options.

Consistent with Rest's five prioritised United Nations (UN) Sustainable Development Goals (SDGs) which we can most align to, we research and prioritise those impact investment opportunities that aim to address social inequalities, advance **decent work**, and contribute towards a net zero and **nature positive** future.

Distinguishing between different levels of impact

Similar to how financial returns vary, the degree to which investments are expected to generate positive, measurable social and/or environmental impact varies. Rest uses the terms '**impact-aligning**' and **'impact-generating'** to distinguish between the intended impact (or **real-world change**) resulting from investments managed by an investment manager or in collective investment vehicles (such as private funds).

Impact-aligning strategies are considered by Rest to be those where the investment or fund manager invests in companies or assets that are aligned with sustainable development goals, but the investment strategy lacks meaningful intentionality, investor contribution, and impact measurement.

Rest looks for these impact-generating strategies to go beyond simply investing in companies or assets that are aligned with sustainable development goals. These are strategies where investor involvement is instrumental in enhancing the impact of investee companies and where the investment or fund manager can demonstrate how they aim to intentionally generate positive, measurable social and/or environmental impact beyond existing norms and standards[1].

Distinguishing between the expected level of impact provides clarity about the depth and scale of the positive change an investor seeks to achieve as a result of their investment activities. It also helps to set clear expectations and benchmarks which is necessary to promote accountability and transparency in measuring impact performance.

While Rest may invest in both impact-aligning strategies and impact-generating strategies, only impact investment strategies which Rest considers to be 'impact-generating' are eligible to contribute towards Rest's impact investment allocation target of one per cent of total funds under management as at 30 June 2026. We consider these to be the most credible impact investment opportunities based on Rest's assessment criteria.

[1] Existing norms and standards refer to industry-accepted guidelines, best practices, or performance benchmarks that serve as critical reference points for assessing whether the social or environmental outcomes from an investment are considered positive and meet desired impact objectives. They help establish minimum levels of performance or expectations. The existing norms and standards are issue-specific and vary based on the impact objective, investment context (e.g. geographic location, sector), and the needs of key stakeholder groups.

The core attributes which distinguish impact-aligning from impact-generating investment strategies are:

- Intentionality: The manager's strategic intent to solve real-world problems and generate positive, measurable social and/or environmental impact beyond existing norms and established standards, as outlined within their impact thesis (or theory of change)[2].
- Investor contribution: The differentiated role that an investment or fund manager plays to induce change and enhance the impact of investee companies (or assets) through their investment activities. This refers to the unique actions and resources that an investment or fund manager provides to investee companies and the specific changes that occur because of the investment or fund manager's involvement. This may include enabling impactful companies to grow or encouraging companies to improve their impact management and measurement practices.
- Impact measurement: The measurement and management of impact performance to demonstrate the investment or fund manager's intentionality and investor contribution.

Impact-generating investment strategies demonstrate all three of these attributes. However, the ways in which these are achieved may differ by asset class and strategy.

Assessing impact investments

Rest has developed an impact due diligence framework and accompanying tool to help identify credible impact investment opportunities. The tool is designed to evaluate the extent to which an investment intentionally generates positive, measurable social and environmental impact.

The tool only applies to investments that are managed by an investment manager or in collective investment vehicles (such as private funds). It is not designed to assess directly managed investments in an individual asset or portfolio company.

Rest's approach to assessing impact investment opportunities is informed by evolving best practices, namely the Operating Principles for Impact Management (**OPIM**) and the Impact Management Project (**IMP**).

To assess the level of impact expected from an investment managed by an investment manager or in a collective investment vehicle (such as a private fund), Rest considers two key dimensions.

The first is the credibility and integrity of the fund's impact strategy. This dimension assesses the fund's potential to advance sustainability outcomes and actively contribute towards impact solutions and transformations based on the fund's strategic intent, underlying impact, and investor contribution.

The second is the ability of the manager to execute on the fund's impact strategy. This dimension assesses the expertise and aptitude of the Manager to adopt best practice standards, and the quality of systems and tools used by the manager to conduct impact appraisal and measurement. The result of the assessment determines if a fund is considered 'impact-aligning' or 'impact-generating'.

So put simply - we aim to assess the credibility of an investment or fund manager's impact strategy and then consider their ability to execute on the strategy.

Progress against Rest's impact investment target

Progress towards Rest's impact investment target is measured based on the amount of capital committed to an investment. This approach reflects our strategic intent to support impact investments and allows us to monitor our commitment to this target. Capital may then be deployed over time, particularly in the case of private markets investments.

In 2023/24 we continued to build towards our one percent impact investment target as at 30 June 2026, adding four new impact-generating investments: CIBUS Fund II, Ninety One Global Environment Equity Strategy, Real Estate Logistics Impact Climate Solutions (LOGICs) Fund and Towerbrook Delta Fund.

Over the last two years, Rest has committed a total of c. $730m, as at 30 June 2024, to impact investment strategies.

[2] An outcomes-based hypothesis of how an investor expects to contribute to social and/or environmental objectives through positive change in the level of well-being experienced by people or the condition of the natural environment. The impact thesis may be separate to, but ideally is integrated into the investment thesis, as applicable.

Rest's impact investments

Fund Name	Asset Class	Summary of Impact Thesis (or Theory of Change)	Financial Year committed
Palisade Impact Fund	Infrastructure	Aims to help achieve net zero by investing in next generation infrastructure assets in Australia. This includes waste management, digital infrastructure and renewable energy. The manager aims to enhance the impact of their investments by providing differentiated capital and actively implementing initiatives that assist with impact objectives.	2022/23
Archimed MED Platform II	Private Equity	Aims to help create better, safer, and more accessible healthcare by investing in small and medium sized healthcare companies in Europe and North America. This includes healthcare companies that create and deliver innovative products and services which improve human and animal health. The manager aims to enhance the impact of their investments by leveraging industry expertise to scale and accelerate innovation and expansion activities.	2022/23
CIBUS Fund II	Alternatives	Aims to help create a more sustainable, equitable, and secure future food system by investing in mid-market and late-stage venture agriculture companies in Australia and Europe. This includes investments that are at the forefront of modern agriculture and have opportunities to address the growing need for environmental plantings and natural assets. The manager aims to enhance the impact of their investments by facilitating innovation and enabling inter- and intra-portfolio synergies.	2023/24
NinetyOne Global Environment Equity Strategy	Overseas shares	Aims to help support the transition to a low-carbon economy by investing in global listed shares that help drive real-world change and benefit from structural growth driven by decarbonisation. The manager aims to enhance the impact of their investments through active engagement with companies, leveraging their proprietary carbon avoided methodology.	2023/24
Real Estate Logistics Impact Climate Solutions (LOGICs) fund	Property	Aims to help support the transition to net zero by acquiring and redeveloping commercial logistics buildings in Western Europe, including the UK. The manager aims to enhance the impact of their investments by redeveloping existing logistics buildings into high-quality assets that can be operated at net-zero emissions.	2023/24
Towerbrook Delta fund	Private Equity	Aims to drive positive social and environmental impact by investing in medium sized, purpose-driven companies in North America and Western Europe. This includes companies across a broad range of sectors such as green industry and clean energy, education and human capital development. The manager aims to enhance the impact of their investments by leveraging their unique playbook to proactively align the achievement of positive social and environmental impact with financial growth.	2023/24

Risk management | Responsible investment and climate change

Rest Enterprise Risk Management Framework

To protect and promote the best financial interests of our members, we actively seek to identify, quantify, and manage ESG-related risks through our systems, policies, and processes.

Our Risk Management Framework defines how we identify, assess, manage and monitor risk across Rest.

Rest recognises the substantial risks that climate change presents to our investments and supply chains, as well as the significant financial, operational, and legal consequences that could be presented by inadequate commitments towards ESG responsibilities.

Rest has introduced an ESG Risk Appetite Statement to manage ESG commitments in support of members' best financial interest.

This approach helps us manage the material risks related to ESG, including climate change, on an ongoing basis, in accordance with our Risk Appetite Statement.

Rest adopts Key Risk Indicators ('**KRI**') to monitor whether Rest is operating within our ESG Risk Appetite. These KRIs are:

- Weighted Average Carbon Intensity (WACI) of listed shares – assessed against benchmark (rolling 2 years);
- Progress on 2024-2026 Climate Change Transition Plan – number of items behind schedule;
- Number of High or Medium Incidents relating to Sustainability Commitments; and
- Number of Community Actions or Risk Events that are not incidents.

Internal Audit

Rest's Internal Auditor carries out review and assurance functions under Rest's risk management structure.

The Internal Auditor undertakes targeted risk reviews of business processes and the internal control environment including the application of the Risk Management Framework, in accordance with the agreed Internal Audit Plan that is approved by the Board annually.

This includes reviewing the control environment surrounding Rest's Responsible Investment Policy.

Modern slavery

Modern slavery covers a set of specific legal concepts including forced labour, debt bondage, forced marriage, slavery and slavery-like practices, and human trafficking. Modern Slavery is used as an umbrella term that focuses attention on commonalities across these legal concepts. Essentially, it refers to situations of exploitation that a person cannot refuse or leave because of threats, violence, coercion, deception, and/or abuse of power.[1]

During the reporting period, we continued to implement initiatives to monitor for modern slavery risk in our investment portfolio and approach to ESG integration, including through:

- Engaging current and prospective investment and funds managers on their approach to managing modern slavery risk in their investments. This includes consideration of the manager's approach to modern slavery risks, including whether a structured approach to assessing modern slavery risk is in place,along with the strength of their approach to identifying and addressing modern slavery risk in investments.
- Participating in collaborative engagement through IAST APAC, as well as engaging alongside ACSI with priority companies. For further information refer to page 43.
- Rest's onboarding of EOS at Federated Hermes (EOS) from February 2024 as an engagement service provider conducting engagement in overseas listed companies. Modern slavery is included in their human and labour rights theme for selected companies in Rest's overseas shares portfolio. For further information refer to page 46.

For more information, see **Rest's Modern Slavery Statement**.

[1] Definition of modern slavery published by Walk free. For more information see **https://www.walkfree.org.**

Active ownership

We believe active ownership plays an important role in safeguarding and enhancing the value of the assets in which we invest and is a key pillar of our responsible investment approach. For further information on how Active Ownership applies to Rest's investment options refer to page 24.

Our approach to active ownership involves communicating members' financial interests to companies that we have prioritised for engagement, and to investment managers who invest on Rest's behalf. In doing so, we seek to positively influence a company's policies, practices and behaviours across a range of ESG factors, including climate change, workers' rights, worker safety, corporate governance, cultural heritage management and company culture.

Engaging with listed companies helps us assess how they manage ESG factors and gives us an opportunity to encourage better ESG practices and disclosures to enhance and protect sustainable, long-term returns for our members. Voting at listed company meetings allows us to communicate our views on company performance.

Engagement

Through engagement, we seek to build knowledge in a listed company to better understand its approach and priorities related to ESG factors, including climate change. Where we consider it appropriate to do so, having regard to our fiduciary duties, including the duty to act in the best financial interests of members, Rest may advocate for change.

A range of factors are considered in identifying listed companies for targeted engagement and monitoring, including materiality of our holdings, members' preferences, systemic nature of ESG risks and opportunities as well as the work of ACSI as a service provider, and other collaborative engagement initiatives in which we are involved.

Rest identifies and prioritises listed companies for engagement based on the expected ESG factors that we believe may most materially impact members' long-term financial interests. In doing so, we seek to positively influence a company's policies and practices across a range of ESG factors, with priorities identified based on their materiality, severity and perceived risk.

Our three-pronged approach to listed company engagement encompasses:

- Service provider engagement through ACSI with respect to identified Australian shares of ASX300 companies and EOS at Federated Hermes (EOS) for identified listed overseas share companies.
- Collaborative engagement with industry partners and like- minded investors, including Investors Against Slavery and Trafficking Asia Pacific (IAST APAC), Climate Action 100+ and Nature Action 100.
- Direct engagement with Australian listed companies.

Our external managers also engage listed companies in our Australian and overseas shares portfolios on a range of ESG factors.

During the year, we engaged 47 listed companies on 121 occasions (generally facilitated by ACSI) on a range of issues, including climate change, modern slavery, cultural heritage, decent work, company culture, remuneration, corporate strategy and business performance. Through this, we engaged:

- 22 listed companies on climate change, including 12 of the largest greenhouse gas emitting companies in our Australian shares portfolio,
- 8 listed companies on nature and biodiversity,
- 10 listed companies on cultural heritage protection practices, and
- a range of listed companies on modern slavery, corporate culture and governance matters, including board composition and executive pay.

We also met (generally alongside ACSI) with six NGOs and/or civil society groups on a range of issues, including climate change, cultural heritage and biodiversity issues.

During the year, we directly conducted 19 engagements with 10 fixed income issuers on a range of ESG factors, including green, social and sustainability bond frameworks, climate change, human capital and affordable housing issues. We also joined a UN Principles for Responsible Investment (PRI) coordinated collaborative sovereign engagement initiative on climate change focused on Australia. The initiative comprises three working groups to engage with different parts of the Australian sovereign system, including the Federal Government; national regulators and authorities; and state governments. As part of the initiative, Rest is collaborating with a range of investors, both domestic and overseas, to support state government efforts to transition their economies to net zero emissions.

Engagement examples

Climate engagement

When engaging with the identified listed companies in our Australian shares portfolio on climate change, our objectives include seeking:

- Enhanced disclosure, including TCFD reporting
- Net zero by 2050 commitments, including credible Paris aligned short, medium and long-term targets, including for Scope 1, 2, and 3 emissions
- Corporate strategy alignment with net zero commitments
- Stress testing against a range of plausible climate scenarios
- Physical and transition climate-related risk assessment and disclosure
- Plans for managing potential impacts of climate change on its workforces and communities in which it operates (i.e. a just transition)
- Alignment of a company's policy and advocacy activity with a net zero by 2050 aligned world.

As at the start of 2023/24, Australian shares were responsible for 63.5 per cent of Rest's total share portfolio Scope 1 and 2 WACI. We subsequently used contribution to portfolio WACI to determine the material emitters within the portfolio and to guide prioritisation for engagement. Approximately 74.5 per cent of Australian shares WACI was concentrated in 15 companies.

Australian company engagement based on WACI contribution:

Company	Sector	Engaged on climate in 2023/24 (through collaborative, service provider and/or direct engagement)
Santos Limited	Energy	Yes
BHP Group Ltd	Materials	Yes
Origin Energy Limited	Utilities	Yes
South32 Ltd.	Materials	Yes
Woodside Energy Group Ltd	Energy	Yes
Rio Tinto Limited	Materials	Yes
Alumina Limited	Materials	Yes
Northern Star Resources Ltd	Materials	No
Newcrest Mining Limited	Materials	No (Acquired by Newmont Corporation in 2023/24)
Orica Limited	Materials	Yes
Qantas Airways Limited	Industrials	Yes
Incitec Pivot Limited	Materials	Yes
Aurizon Holdings Ltd.	Industrials	Yes
James Hardie Industries PLC	Materials	Yes
Telstra Group Limited	Communication Services	No

At the start of 2023/24, listed overseas shares were responsible for the remaining 36.5 per cent of Rest's total listed portfolio Scope 1 and 2 WACI, of which approximately 42.3 per cent of emissions intensity was concentrated in 15 listed companies. From February 2024, and under the newly procured EOS engagement service, 7 of these 15 listed companies became priority listed companies for engagement.

Nature Action 100

Rest is an investor signatory to **Nature Action 100 (NA100)**, for further information refer to Collaborations on page 26. Launched in September 2023, NA100 is a global investor-led engagement initiative that aims to support greater corporate ambition and action on reversing nature and biodiversity loss to mitigate financial risk and to protect the long-term economic interests of investors' clients and beneficiaries.

100 global companies, including five Australian companies, have been prioritised for inclusion in NA100 based on their impacts or dependence on nature and biodiversity. As a participating investor, we joined early-stage collaborative engagement with one Australian listed company.

Modern Slavery

Minimising modern slavery risks in our investment portfolio is an ongoing focus. We engage both external investment or fund managers and directly held assets to gauge their progress in reporting against Australia's Modern Slavery Act. This includes their approach to identifying modern slavery risks in supply chains, how they remediate their identified risks, and how these risks are reported at the investment portfolio level.

Rest is a member of the Investors Against Slavery and Trafficking Asia Pacific (IAST APAC). As part of the initiative, investors engage with select companies in the Asia Pacific region to promote effective action to find, fix and prevent modern slavery, labour exploitation and human trafficking. As part of the initiative, Rest has prioritised and engaged with one listed company.

Further information on the initiative can be found at **iastapac.org/about/.**

Service provider listed company engagement

Rest is represented on both the ACSI Board and the Member Advisory Council. Rest actively contributes to ACSI's program of work, including joining ACSI company engagements for Rest prioritised companies.

Each year, ACSI sets priority themes for engagement based on the materiality of an issue to the company and investors.

During the reporting period, ACSI conducted 387 engagement meetings with 196 companies in the ASX300, of which 190 companies are held by Rest.

Key outcomes from ACSI's engagement include:

Climate change	ACSI's climate change priority objectives aim to ensure that companies are managing climate-related risks. One focus area is ensuring that companies are not setting Paris-aligned climate ambitions without providing clear disclosure of progress against relevant targets in the short, medium, and longer term. During the reporting period, ACSI and its members engaged with a range of companies on climate change. This type of investor engagement has contributed to more companies publicly disclosing net zero greenhouse gas emissions targets, with 131 companies in the ASX200 adopting some form of net zero commitments (representing some 82 per cent of the ASX200 market capitalisation) as of March 2024. By the end of financial year 2023/24: • All priority companies for ACSI engagement have some form of net zero commitment in place. • 26 of the 30 priority companies explicitly link executive incentive pay to climate change objectives; usually through a climate-related metric within their short-term or long-term incentive structures, or both. • 15 of the 30 priority companies have set short-term targets specifically linked to emissions reductions in their businesses. • All priority companies have now set medium-term targets specifically linked to emissions reduction, reflecting ongoing engagement with ACSI and other investors to further develop transition pathways.
Biodiversity & Nature	ACSI has been engaging with companies that have material exposure to nature impacts and/or dependencies in their operations or supply chain to understand their assessment of nature-related risks. During the reporting period, ACSI conducted 15 engagements with ASX300 companies where the approach to assessing and reporting on biodiversity and nature was discussed. As of 30 June 2024, ACSI identified eight priority companies that demonstrated progress towards aligning with nature-related frameworks and practices.
Board gender diversity	ACSI's long-running engagement program to improve board gender diversity supported progress across the ASX300, with 43 priority companies demonstrating progress to improve its board gender diversity. Of the 43 companies, 27 of those met or exceeded the expectation of a 30 per cent minimum female representation on boards. As at 30 June 2024, a record 37.5 per cent of ASX300 board seats were held by women directors and there are now only six companies in the ASX300 with all-male boards.

Executive pay	ACSI, in support of its members, engages with ASX300 companies on different aspects of its remuneration structure and outcomes with the objective to seek improvements across areas including pay-for-performance alignment, to ensure boards are developing stretching and long-term hurdles, and transparent disclosure of remuneration frameworks and outcomes. This is particularly the case for many of ACSI's priority companies which may have received a 'strike' from shareholders on a remuneration report in the prior year. A strike is when ASX companies receive >25 per cent against vote from shareholders on a remuneration report resolution. ACSI conducts engagement with these companies in order to drive change. During the reporting period, ACSI held 232 engagements with ASX300 companies where remuneration was discussed resulting in 14 priority companies demonstrating improvement in executive remuneration practices in response to investor feedback.
Corporate culture and sexual harassment	ACSI continued to engage with companies (with a focus on mining companies employing remote workforces) on how they are monitoring and managing their corporate culture to eliminate sexual harassment, bullying, racism and other objectionable behaviours. In response to the Australian Human Rights Commission's (AHRC) **Respect@Work Report**, the Australian Parliament reformed federal anti-discrimination law in December 2022. This introduced a positive duty on companies to take reasonable and proportionate measures to eliminate sexual harassment, sex-based harassment, sex discrimination, hostile workplace environments and victimisation in connection with work, as far as possible. ACSI advocated for these changes and welcomed their introduction. The AHRC's power to enforce compliance with the positive duty came into effect in December 2023. During the reporting period, **ACSI and the Australian Institute of Company Directors (AICD) released research on the positive duty.** The research found that although an overwhelming majority of directors believed preventing sexual harassment in the workplace is a high priority issue, there was slow progress from companies in treating the issue with the same priority as physical safety issues and disclosures remain nascent. ACSI will continue to engage with prioritised ASX300 companies on their workplace culture and how they are assessing, managing and monitoring broader psychosocial issues including sexual harassment.
Responsible gaming	On responsible gaming, ACSI's objective is to engage with relevant companies to seek better governance and oversight of responsible practices, reporting on approaches to responsible gaming and regulatory compliance. As at 30 June 2024, ACSI assessed five priority companies had demonstrated partial improvements in the management of responsible gaming. This included priority companies putting in place initiatives to address gaming-related risks and developing organisational-wide frameworks that embed responsible gaming as a pillar of its corporate strategy.
Cultural heritage	ACSI continued its engagement program with priority companies whose operations materially impact First Nations communities to understand the approach adopted to establish and maintain constructive, fair and long-term relationships with First Nations people. During the reporting period, ACSI held more than 20 meetings on these issues, with all nine priority companies demonstrating positive developments in its practices and transparency on First Nations and Cultural Heritage engagement.

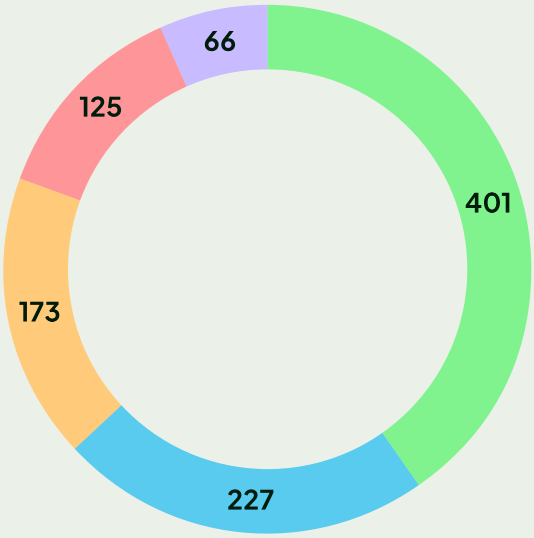
Modern Slavery	ACSI's ASX300 engagement program on modern slavery is focused on seeking improvements in risk assessment, auditing practices and outcomes, consequence reporting, worker education, supply chain mapping and progress regarding resolution following allegations of modern slavery. During the reporting period, ACSI conducted 74 company engagements with 61 ASX300 companies where modern slavery and broader supply chain management issues were discussed. In 2023, **ACSI commissioned Pillar Two to undertake detailed analysis of the third year of reporting of Modern Slavery Statements by ASX200 companies.** The research identified an improvement in companies' modern slavery reporting since the first year Modern Slavery Statements were prepared, although gaps in disclosure remain. With the findings from the research, ACSI engaged with companies throughout 2023/24 on their approach to, and reporting of, modern slavery issues and how they can improve to ensure that they more effectively address their risks.
Safety	ACSI engaged with companies involved in workplace-related fatalities to understand the nature of the incidents, status of investigations, and changes to practices to address findings. ACSI is also focused on a board's oversight of these matters, including its treatment of safety incidents in executive remuneration in order to sufficiently escalate safety concerns, and to hold management accountable and to drive change. Another focus area for ACSI's priority companies is to adopt a more holistic view of health and safety by providing more comprehensive reporting. This includes the provision of 'leading' measures of safety such as severity rates and near misses as well as separate data on contractor safety. During the reporting period, ACSI conducted 46 engagements with ASX300 companies where workplace health and safety were discussed. As at 30 June 2024, ACSI identified improved safety practices, governance approach and/or reporting from 22 priority companies. When considering resolutions at a company's shareholder meeting, safety practices and performance are also considered. In 2023/24, ACSI recommended 'against' two ASX company's remuneration report resolutions where there was misalignment between executive bonus outcomes and poor safety performance.

Engagement with listed overseas companies

This section covers overseas shares and excludes investment in predominantly overseas funds managed by, or entities associated with, private equity firms. In addition to the engagement our overseas shares investment managers conduct on our behalf, in February 2024, Rest engaged EOS at Federated Hermes Limited (EOS) as a service provider for company engagement services for Rest's overseas share portfolio. EOS is a leading stewardship provider, advising on approximately US$1.4tn in assets as at 31 December 2023.

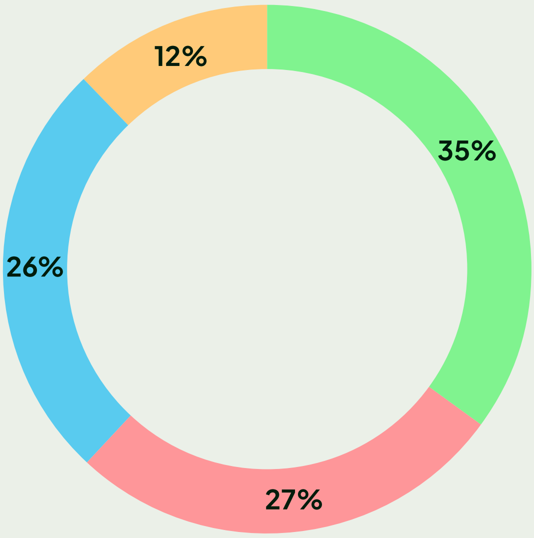
Approximately 65 per cent of Rest's overseas share portfolio by value is engaged by EOS. ESG themes prioritised by EOS for engagement include climate change, human capital management and human and labour rights, and board effectiveness including governance, and strategy, risk and communication. Other themes recently prioritised by EOS for engagement include biodiversity, digital rights and artificial intelligence.

Companies (ex Australia and New Zealand) engaged by EOS by region in Calendar Year 2023



- North America: **401**
- Europe: **227**
- Emerging Markets: **173**
- Developed Asia: **125**
- United Kingdom: **66**

Issues and objectives engaged on by theme in Calendar Year 2023



- Environmental: **35%**
- Social: **26%**
- Governance: **27%**
- Strategy, Risk and Communication: **12%**

For more information about EOS visit: **https://www.hermes-investment.com/**

Australian share voting

Voting at listed company meetings is also an important part of active ownership.

Rest takes an active approach to voting Australian shares to ensure a consistent whole-of-fund voting position which aims to create sustainable, long-term value for our members.

Our voting positions are guided by our voting principles and where relevant consider:

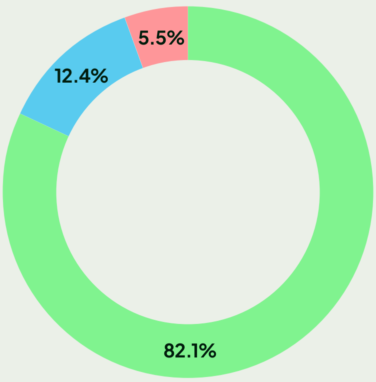
- Perspective gained from company engagement
- Proxy voting advice from our two service providers, Australian Council of Superannuation Investors (ACSI) and CGI Glass Lewis
- Company disclosures
- Views of investment managers (internal and external)
- Other stakeholders where relevant.

In protecting the long-term financial interests of our members, Rest supports resolutions that enhance value, promote or require adequate disclosure, encourage appropriate pay-for-performance remuneration outcomes and support effective board composition and governance.

Rest's Proxy voting behaviours report is available at **rest.com.au.**

Australian share voting

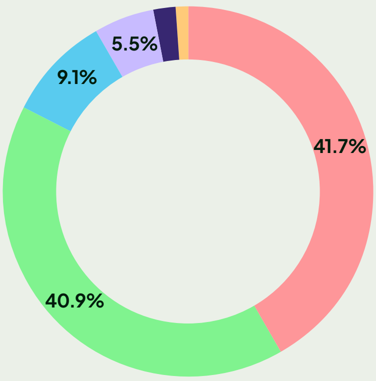
Australian share voting



Number of resolutions voted: **2108**

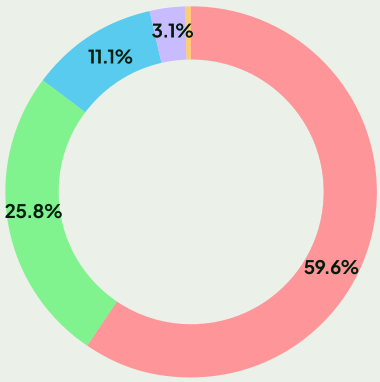
- For: **1731**
- Against: **261**
- Abstain: **116**

Voting by theme



- Executive remuneration: **879**
- Director elections: **863**
- Capital management: **191**
- Other: **115**
- Audit/financials: **41 (1.9%)**
- Shareholder proposals: **19 (0.9%)**

Issues Rest voted Against Management



Number of votes against management recommendations: **225**

- Executive remuneration: **134**
- Director elections: **58**
- Capital management: **25**
- Other: **7**
- Shareholder proposals: **1 (0.4%)**

Climate change-related resolutions

In determining our voting position on climate change-related resolutions, we consider a range of factors when assessing Australian listed companies' disclosure and management of climate change risks and opportunities. These positions are informed from our climate engagement objectives as outlined on page 41.

A 'Say on Climate'

Rest supports ASX-listed companies providing shareholders with an advisory vote on their climate transition plans at their Annual General Meetings (AGMs). These are known as a 'Say on Climate' resolution.

Rest generally supports the introduction of these resolutions as they facilitate important engagement between companies and investors on short, medium, and long-term climate strategies.

In determining our voting position on a case-by-case basis, we consider the range of factors outlined above, plus frequency of the 'Say on Climate' vote, emission reduction targets and plans to address Scope 3 emissions, capital allocation and *a* just transition, as well as disclosure on industry association climate policy alignment with the Paris Agreement.

'Say on Climate'

ASX-listed companies, Orica, Westpac and Woodside Energy offered 'Say on Climate' proposals during 2023/24. Investor support for these proposals reflected varying levels of maturity of each company's climate strategy.

Both Orica and Westpac received 92 per cent support from investors, including from Rest. Where as, Woodside Energy (see call out box below) received 41.64 per cent support for its second 'Say on Climate' proposal, representing a lower level of support for its climate transition plan than its first advisory vote in 2022 which received 51.03 per cent support.

We continue to engage through a combination of direct and service provider engagement with each of these companies on progress against their climate strategies.

Shareholder proposals

We consider shareholder resolutions on a case-by-case basis and support those we believe protect and/or increase long- term shareholder value and / or will result in improved disclosures and enhance company performance.

During 2023/24, Rest voted on six shareholder proposals (SHPs) put forward at ASX300 company annual shareholder meetings. Of these

- Four were governance-related SHPs.
- Two were climate-related SHPs at Westpac's (WBC) AGM and National Australia Bank's (NAB) AGM. We generally do not support climate-related shareholder proposals where we have an opportunity to vote on a Say on Climate resolution. However, where we have not supported a Say on Climate vote in the prior year(s) and there are shareholder proposals for consideration, we will assess the resolution on a case-by-case basis for ASX-listed companies. In general, we support proposals that will lead to improved disclosure of information that could be useful to shareholders.

In this context, we did not support the resolution at WBC's AGM given our broad support of their 'Say on Climate' resolution. We did support the same SHP at NAB. In our view, the key 'asks' of the SHP were, on balance, supportable as they broadly sought enhanced disclosures in relation to NAB's requirement for customer transition plans for certain sectors by the end of 2024/25. We engaged NAB on our voting decision and subsequently engaged one other bank where we considered that their climate plan could benefit from a similar level of enhanced disclosure.

In 2023/24, our voting positions at Australian listed company meetings supported:

- Improved board gender diversity, with only six companies in the ASX300 now having zero-women boards and the average representation of women directors is at 37.5 per cent. During the year, Rest voted against directors at nine companies on diversity grounds, of which four companies have subsequently made at least one female direct appointment.
- 42 companies in the ASX300 receiving a 'strike' to their remuneration report (>25 per cent of votes against from shareholders). Common themes include instances where:
  - company boards applied discretion to allow vesting of executive bonuses despite performance hurdles not being met,
  - the issuing of large one-off payments to executives, and;
  - broader misalignment between remuneration outcomes and shareholder experience.

Of the 42 listed companies to have received a strike, Rest voted against 25 company remuneration reports.

- Ongoing focus on climate change as evidenced by the introduction of shareholder advisory Say on Climate votes by Orica, Westpac and Woodside Energy. For further information refer to "Say on Climate" on page 48.

Woodside Energy

At Woodside Energy's 2024 Annual General Meeting, investors were given a second opportunity to vote on the company's climate transition action plan (CTAP). This followed its first advisory vote in 2022, which received 51.03 per cent support.

Following extensive engagement with the company and other stakeholders, including our investment managers, we formed the view that while progress had been made with respect to some aspects of the CTAP, the transition plan did not adequately address our substantive concerns, including:

- articulation of a decarbonisation plan beyond 2030;
- detailed analysis of how the company would remain resilient under a 1.5 degree scenario, and;
- further disclosure on how the company intends to manage climate-related risks and opportunities across the entire value chain, including Scope 3 emissions.

In light of these concerns, we voted against the CTAP. We recognise that these are challenging issues for companies such as Woodside Energy to address and will continue to engage constructively with the company on its climate plan.

Listed Overseas Share Voting

In 2023/24, our overseas shareholdings were voted by our investment managers. During 2023/24 Rest commenced the preparations to introduce an active approach to voting overseas shares from 1 July 2024, to ensure a more consistent whole-of-fund level voting position is maintained across our entire share portfolio. Our voting positions are planned to be informed by our proxy voting principles, ACSI's Governance Guidelines and CGI Glass Lewis voting recommendations.

Advocacy

We engage and collaborate with our investment managers, industry associations and investor groups on responsible investment issues, many of which are outlined in Collaborations on page 26.

This collaborative approach aims to promote good ESG practices by increasing awareness and education. It's also a chance to engage with, and advocate to, a range of stakeholders – including companies and governments – on ESG practices and policies.

In 2023/24, we made direct submissions to consultations on mandatory climate-related disclosure (in the context of disclosures companies provide to shareholders), the Government's Sustainable Finance Strategy and ASX Corporate Governance matters. We also contributed to a number of industry papers, submissions and roundtables on sustainable finance, climate change and energy transition matters. For more information on our advocacy approach and activities refer to the 2024 **Annual Report**.

Rest contributes to and monitors the advocacy activities of our member organisations by participating in a variety of working groups, committees, and through board representation.

Metrics and targets | Responsible investment and climate change

Responsible Investment Metrics

Rest currently monitors a range of metrics to assess its progress against its responsible investment targets.

Responsible Investment Metrics	Target	June 22	June 23	June 24
Funds under management (FUM) in renewable energy, low-carbon solution assets and green bonds (millions) excluding listed Australian shares and overseas shares	Increase investment in renewable energy and low-carbon solutions assets to $2 billion at whole-of-portfolio level by 30 June 2025.	$1,283m	$1,318m	$1,783 m
FUM committed to Impact investments (millions). For more information refer to page 35.	Allocate one per cent FUM to Impact Investments (aggregated across each of the asset classes) by 30 June 2026.	$0	$177m	$731m
Total Equity Weighted Average Carbon Intensity (WACI) of the combined listed Australian shares and overseas shares portfolio, relative to 2019. For more information refer to page 53.	Reduce the WACI of the listed shares[1] portfolio year on year.	-23%	-53%	-44%

[1] We measure the Weighted Average Carbon Intensity (WACI) of the listed equity (otherwise known as shares) exposure as a proxy for the whole of fund exposure, this includes listed Australian and Overseas shares, and excludes listed infrastructure, listed property portfolios, derivates and collective investment vehicles (including exchange-traded funds).

One of Rest's objectives is to achieve a net zero carbon footprint for the fund by 2050. This long-term objective aligns with the **United Nations Paris Agreement's** goal to limit global temperature rise to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit it to 1.5 degrees Celsius.

To help meet this objective by 2050, we have successfully closed out all initiatives from our inaugural Roadmap to Net Zero Emissions by 2050 during this financial year (unless where these have been embedded in our overall Investments business planning), and commenced new initiatives from our updated Climate Change Transition Plan.

We measure progress against our net zero objective by reporting in line with the TCFD recommendations and encouraging our investees to do the same. Our approach is also informed by globally recognised frameworks such as the **UN-convened Net-Zero Asset Owner Alliance**, the **IIGCC Net Zero Investment Framework**, **The Investor Agenda's Investor Climate Action Plans Expectations Ladder**, and the **Partnership for Carbon Accounting Financials.**

While these guidelines help build transparent and consistent processes for tracking progress and understanding climate-related risks and opportunities, the application of these guidelines rely on access to high-quality data, including greenhouse gas emissions. Rest is focused on improving the availability and accuracy of this data.

Completion of Rest's Inaugural Roadmap to Net Zero Emissions by 2050

Our inaugural roadmap to net zero emissions by 2050, published in 2021, and available in the 30 June 2023 **Sustainability, Responsible Investment and Climate Change Supplement**, outlined six key measures and 41 initiatives across Rest's six responsible investment pillars, covering the period from 2018/19 to 2022/23. During this financial year, we have successfully implemented all initiatives from this roadmap or they are now otherwise embedded in our business as usual (BAU) activities (as outlined below).

Net Zero Emissions by 2050 Roadmap (published 2021)

Action No[1]	Description	Details	Status
18	Commence to collate and quantify the carbon footprint for infrastructure and property	This work has commenced. We are improving the quality of this data at part of our updated Climate Change Transition Plan.	Complete
26	Consider all climate-related shareholder resolutions of Australian and overseas investee companies	We have implemented processes to consider all climate-related shareholder resolutions at Australian companies, with overseas investee companies to commence from 1 July 2024. For more information refer to page 40.	BAU*
32	Increase impact investment exposures to 1 per cent of Rest FUM[2] by 2026	We continue to make progress against this measure, which is now part of Rest Investment's broader responsible investment objectives. For more information refer to page 35.	BAU*
34	Achieve net zero in operation for the direct property portfolio by 2030	We are actively pursuing this goal of achieving net zero carbon emissions in operation by 2030. For more information refer to page 58.	BAU*
47	Explore Climate Active certification, or equivalent for Rest carbon-neutral operations	We explored Climate Active certification. In consideration of emerging regulatory guidance we prioritised broadening our Scope 3 footprint calculations to include professional services, advertising and marketing.	Complete

[1] Action number relates to Rest's roadmap to net zero emissions by 2050, published in 2021.
[2] FUM: Funds Under Management.
* Business as Usual (BAU). The initiatives are now embedded in our daily operations and investment activities.

Commencement of Initiatives as Part of Rest's Updated Climate Change Transition Plan

Rest has commenced several new initiatives as part of its updated climate change transition plan for the period 2024/2025 to 2025/2026.

The plan carries over the relevant and ongoing initiatives from Rest's inaugural Roadmap to Net Zero Emissions by 2050. Consistent with Rest's **Climate Change Policy**, the plan reinforces our focus on managing portfolio emissions, assessing climate-related risks and opportunities, engaging with key companies and assets on their net zero by 2050 plans, investing in renewable energy and low-carbon solutions and participating in advocacy. For more information refer to Advocacy section page 50.

The key initiatives commenced during this financial year are projects aimed at enhancing the coverage of ESG-related data across the portfolio and the integration of this data into our core investment systems and processes. This includes a wide-ranging initiative to account for greenhouse gas emissions beyond Australian and listed overseas shares investments, including directly and indirectly held unlisted investments (such as investments held via collective investment vehicles such as private funds).

The aim of the initiative is to measure financed emissions in a manner consistent with the Global GHG Accounting and Reporting Standard for the Financial Industry developed by the Partnership for Carbon Accounting Financials (**PCAF**). This is critical to being able to effectively assess climate-related risks and opportunities, set interim targets, and support the transition to a net zero economy.

Rest has continued to advance its approach to engaging with key companies and assets on their climate change transition plans. For more information refer to the Active Ownership section on page 40.

Carbon metrics for listed Australian and overseas share portfolio[1]

The Weighted Average Carbon Intensity (WACI) is a key metric recommended by the TCFD that asset owners use to disclose a portfolio's exposure to greenhouse gas emissions. We calculate it for our listed Australian and overseas share portfolio.

WACI measures the portfolio's exposure to carbon- intensive companies. This involves calculating how many tonnes of carbon emissions equivalent (CO_2e) a company generates per million US dollars in sales. For further information see the table on page 55 and for definitions refer to the Appendix page 68.

In line with Rest's net zero by 2050 commitment, we are active industry participants in seeking to contribute to consistent, comparable metrics; we currently use WACI as a metric for measuring the carbon intensity of our listed share portfolio.

Our baseline year for measuring WACI in Rest's listed shares portfolio is the financial year ended 30 June 2019. Relative to the financial year ended 30 June 2019, as at 28 June 2024, the WACI of our combined total listed shares portfolio reduced by 44 per cent.

The transition to a net zero emissions portfolio by 2050 is not expected to be linear. As a result, WACI metrics are expected to reflect some level of volatility over the short and medium term, i.e. WACI in the listed shares portfolio could be higher one year and lower another. In addition, the composition of listed shares in our portfolio will vary over time, within certain parameters, and this will impact portfolio WACI measurements, as will changes to emissions from the companies within the portfolio.

In 2023/24, an increase in portfolio WACI was primarily driven by increased investment in a small number of companies with high carbon intensity, including those playing a role in supporting developing economies through the energy transition. Investment decisions are made on a variety of factors, and Rest prioritises engagement on climate change with high emitting companies as outlined in the Active Ownership section on page 40.

WACI measures for our combined listed shares portfolios as at 30 June 2020, 2021, 2022 and 2023 were all lower relative to the 2019 baseline year, in the range of -19 to -53 per cent and the overall progress of the reduction was relatively stable.

While the volatility in portfolio WACI is not unexpected on an annual basis, we expect there to be a downward trend in the medium to longer term as companies pursue decarbonisation efforts, and as Rest manages the portfolio in line with its net zero by 2050 objective for the Fund.

[1] We report greenhouse gas emissions for the listed Australian and Overseas Shares, this excludes the listed infrastructure, listed property completion portfolios, derivates and collective investment vehicles (including exchange-traded funds). Where actual data is not available estimates may be used to fill gaps. All metrics measure Scope 1 and 2 emissions.

In addition to WACI, the table on page 55 outlines other industry recommended carbon-related metrics, including the total carbon emissions (also known as absolute emissions), carbon footprint (also known as economic emissions intensity) of the Rest's listed Australian and overseas shares portfolio.

Total carbon emissions, provides the absolute emissions associated with the companies in our listed shares portfolio,[1] and is expressed in tonnes of carbon dioxide equivalent (CO_2e). While it tracks changes in emissions in our listed shares portfolio, the data is not normalised, so it is less useful for comparing portfolios of different sizes and the progress of a portfolio over time where the amount invested in listed shares changes over time. However, total carbon emissions is the key metric for tracking Rest's progress to net zero emissions by 2050.

The carbon footprint is the total emissions for a listed share portfolio, normalised by the market value of the portfolio and expressed in tonnes CO_2e per million invested in AUD. We use this metric for reporting purposes from time to time to compare portfolios of different sizes and the progress of a portfolio over time.

The carbon metrics outlined above take into consideration only Scope 1 and 2 emissions related to a company's operations. For an explanation of Scope 1 and 2 emissions refer to the Appendix page 68.

[1] Following the Partnership for Carbon Accounting Financials (**PCAF**) methodology, total carbon emissions (also known as absolute emissions) are calculated as a company's annual emissions multiplied by the amount invested in a company over the company's enterprise value including cash (EVIC).

Listed Australian Shares[1]

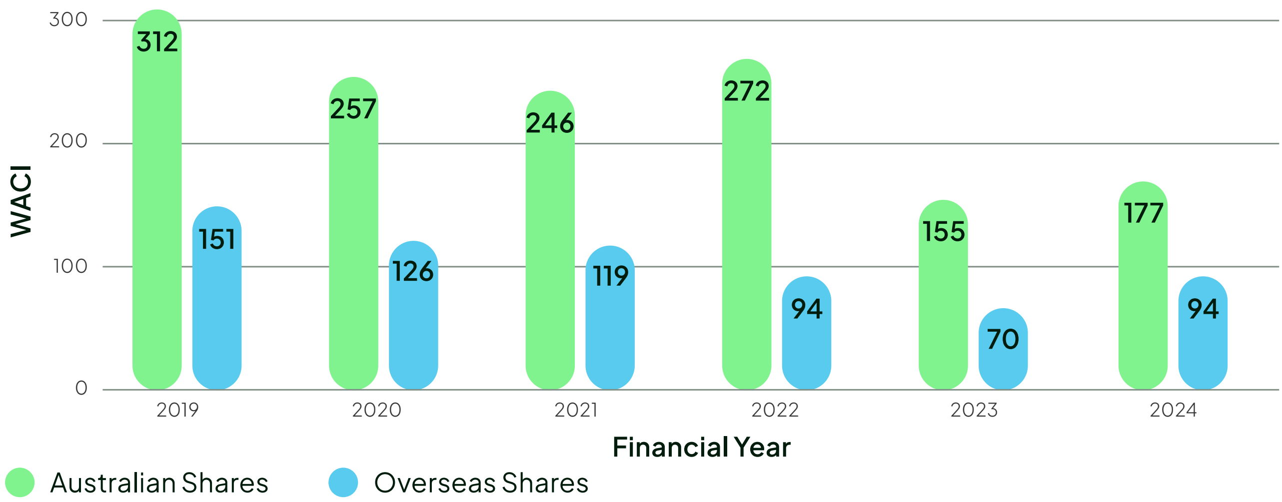
	Data coverage	WACI (tCO_2e/$M sales USD)	Total Carbon Emissions (tCO_2e)[2]	Carbon Footprint (tCO_2e/$M invested AUD)[2]
28 June 2019	94%	312	1,124,703	97
30 June 2020	93%	257	1,074,432	104
30 June 2021	94%	246	1,202,826	80
30 June 2022	98%	272	978,469	74
30 June 2023	98%	155	791,232	48
28 June 2024	97%	177	1,242,352	67

Listed Overseas Shares[1]

	Data coverage	WACI (tCO_2e/$M sales USD)	Total Carbon Emissions (tCO_2e)[2]	Carbon Footprint (tCO_2e/$M invested AUD)[2]
28 June 2019	93%	151	772,890	53
30 June 2020	95%	126	570,998	40
30 June 2021	97%	119	661,955	33
30 June 2022	99%	94	394,441	23
30 June 2023	98%	70	406,083	19
28 June 2024	98%	94	716,890	26

Carbon Metrics Listed Shares – Weighted Average Carbon Intensity (WACI)

(tCO_2e/$M sales USD)[1]



[1] Third-party research is used to calculate the carbon metrics outlined in this section. Temporary data quality issues, availability and subsequent data updates may occur from time to time resulting in these carbon metrics fluctuating. As a result, these figures may change and be restated in future periods. All metrics measure Scope 1 and 2 emissions. Not all companies disclose their emissions data. Where actual emissions data is not available, third-party research providers may use an estimate as part of their methodology however this is not always possible. Data coverage reflects the available actual and estimated data (if used) to calculate these metrics in respect of the portfolio. The actual metrics calculated may be different if complete data was available.

[2] Following the PCAF methodology, total carbon emissions (also known as absolute emissions) are calculated as a company's annual emissions multiplied by the amount invested in a company over the company's enterprise value including cash (EVIC). Carbon footprint (also known as economic emissions intensity) is calculated as total emissions over the market value of the portfolio in millions (AUD).

Sustainable Growth investment option – providing member choice

The Sustainable Growth option enables members to choose an investment option designed to meet its return objective based on traditional risk return investment analysis, along with additional and more specific ESG considerations.

Sustainable Growth's investments in listed Australian and overseas shares have a combined benchmark asset allocation of 75 per cent for the Sustainable Growth option. Sustainable Growth's investments in listed Australian and Overseas shares (excluding private equity) target a WACI (measured in tonnes of emissions (Scope 1 and 2) per million dollars in sales in US dollars) that is at least 50 per cent lower than their respective benchmarks, being the ASX300 and MSCI World ex Australia.

The Australian and overseas shares portfolios are also positively weighted towards companies that are considered by our investment manager(s) to have strong practices in, or to be positive contributors towards:

- environmental sustainability and resource efficiency;
- equitable societies and respect for human rights;
- accountable governance and transparency.

As at 28 June 2024, Sustainable Growth's investments in listed Australian and overseas shares maintained higher ESG scores than the respective benchmarks (4% higher than the S&P ASX300 and 5% higher than the MSCI World ex-Australia benchmarks respectively), based on our investment manager's proprietary ESG scoring process. How companies are scored against ESG factors and the weighting given to such ESG factors by our investment manager may differ by industry or sector. It involves a mix of qualitative and quantitative metrics and generally our investment manager will establish custom peer groups based on common ESG risks, which allows more relevant company to company comparisons.

To find out more about the Sustainable Growth option, see Section 7 of the **Investment Guide** (effective 30 September 2024) or Section 11 of the **Pension Product Disclosure Statement** (effective 30 September 2024).

Sustainable Growth climate-related metrics

As at 28 June 2024, the WACI of the Sustainable Growth investment option's Australian and Overseas shares portfolio was 55 per cent lower than its benchmark[1]. This is assisted by the option's exclusion in relation to fossil fuels[2].

Nevertheless, the Sustainable Growth investment option does have exposure to certain companies which operate in other high-emitting or hard-to-abate sectors, such as steelmaking, mining and chemicals.

As of 28 June 2024, at least 16 per cent of the Sustainable Growth Option was invested in:

- renewable energy assets (particularly in infrastructure)
- green, social or sustainability bonds with proceeds contributing to positive environmental or social outcomes as outlined in the **International Capital Market Association** principles
- companies that provide products and solutions to support the transition to a low carbon world[3]
- green buildings[4]
- impact investments.[5]

[1] We measured the Weighted Average Carbon Intensity (WACI) of the Sustainable Growth option's Australian and overseas shares portfolios as there is carbon data available for these asset classes. We compare this against a blended benchmark of each of these asset classes (including S&P ASX300 and MSCI World ex-Australia respectively). Prior year WACI measurements are provided for reference based on the previously disclosed values as measured in 2021/22 and 2022/23.

[2] The exclusion, otherwise known as a negative screen, in relation to fossil fuel is one of a number of exclusions applied to Sustainable Growth, to find out more see Rest's **Investment Guide**. Details of the fossil fuel exclusion – A company which:
- Owns fossil fuel (thermal coal, metallurgical coal, oil and gas^) reserves.
- Derives any of its revenue (ie 0 per cent revenue threshold) from
  - Oil and gas^ exploration, production and related activities (pipeline transportation, refineries, and equipment and services for oil and gas exploration and production)
  - Power generation from thermal coal, oil and gas^ (however, Sustainable Growth may still invest in companies that sell equipment and services for power generation)
  - The leasing, mining and processing of coal and coke; and uranium, radium, and vanadium mining are also excluded.

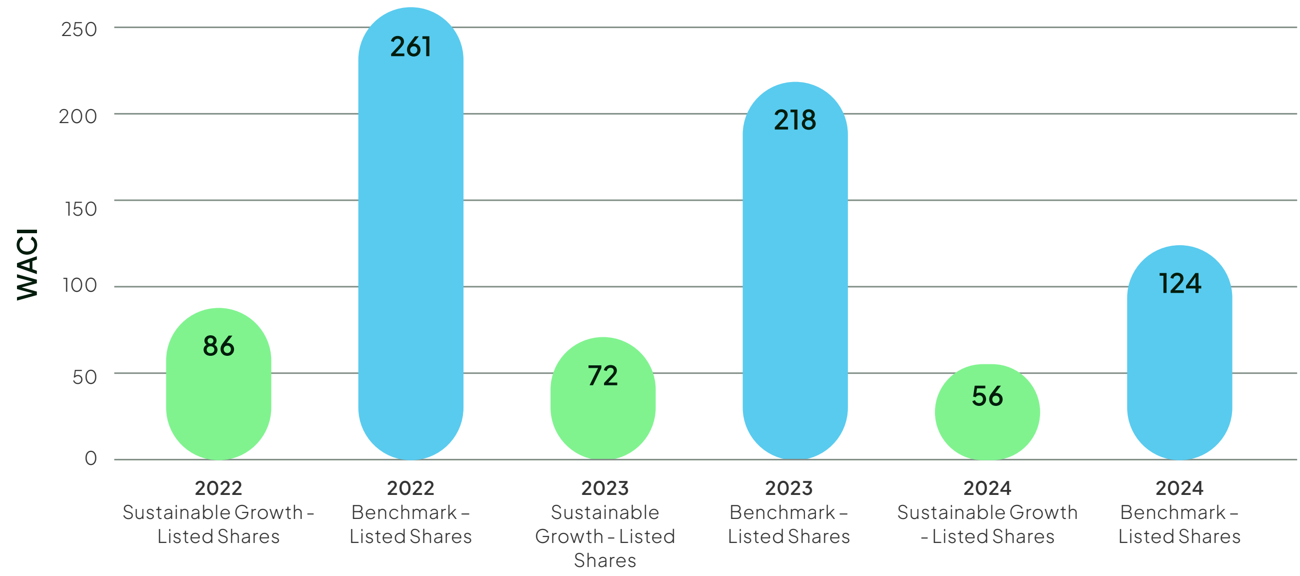
^ includes, but is not limited to, oil sands and Arctic oil and gas.

[3] Companies that have the potential to benefit through the growth of low-carbon products and services as the global economy transitions from carbon-intensive to zero or low-carbon operations and energy sources, as assessed by a third-party research provider. Examples of these industries include renewable electricity, energy efficient equipment, electric vehicles, and solar cell manufacturers.

[4] Buildings which have obtained a green building certification that is administered by a World Green Building Council (WGBC) member and/or the percentage of revenue, or maximum estimated per cent, a company has derived from design, construction, redevelopment, retrofitting, or acquisition of 'green' certified properties – subject to local green building criteria.

[5] Impact Investments are investment strategies assessed as "Impact-generating" under Rest's impact due diligence framework as described on page 68.

Sustainable Growth: Weighted Average Carbon Intensity (WACI)[1]



Climate-related engagement

As outlined in Active Ownership on page 40, Rest undertakes engagement on climate change with Australian companies that are identified as the most material contributors to the WACI of Rest's listed shares portfolio.

Bluescope Steel is the highest contributor to portfolio WACI for the Sustainable Growth option as at 28 June 2024, and was a priority company for engagement on climate change in 2023/24.

CERTIFIED BY RIAA

What is RIAA certification?

RIAA's Responsible Investment Certification Symbol signifies that a product or service offers an investment style that takes into account environmental, social, governance or ethical considerations. Rest's Sustainable Growth option has been certified by RIAA according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See **Responsible Returns** for details.[2]

[1] We measured the Weighted Average Carbon Intensity (WACI) of the Sustainable Growth option's Australian and overseas shares portfolios as there is carbon data available for these asset classes. We compare this against a blended benchmark of each of these asset classes (including S&P ASX300 and MSCI World ex-Australia respectively). Prior year WACI measurements are provided for reference based on the previously disclosed values as measured in 2021/22 and 2022/23.

[2] RIAA's Responsible Investment Certification Program details are available at **www.responsiblereturns.com.au.** Neither the Symbol, nor the Program constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence. Ratings/awards are only one factor to consider when deciding how to invest your super.

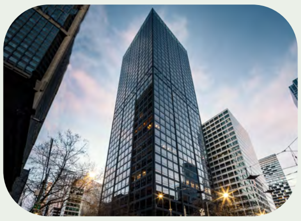
Rest invests directly in sustainable office buildings

Rest has set a target to achieve net zero carbon emissions in operation by 2030 for the direct office property portfolio. At the end of 2023/24, Rest was 100% owners of 140 William Street, Melbourne and 717 Bourke Street, Docklands; 33% owners of Quay Quarter Tower (QQT), 50 Bridge Street, Sydney; and 50% owners of 52 Martin Place, Sydney.

Rest Direct Office Property Portfolio

Quay Quarter Tower (QQT), 50 Bridge Street, Sydney

52 Martin Place, Sydney



140 William Street, Melbourne

717 Bourke Street, Docklands

Rest's direct office property sustainability-related performance ratings

Property address	Green Star Performance 30 June 2024[1]	Green Star Design[2]	NABERS[3] Energy 2016	NABERS Energy 30 June 2024	NABERS Water 2016	NABERS Water 30 June 2024	NABERS Waste 30 June 2024	NABERS Indoor Environment
Quay Quarter Tower (QQT), 50 Bridge Street, Sydney		6		5		4	5.5	
52 Martin Place, Sydney	4		4.5	5	3.5	4.5	4.5	5
140 William Street, Melbourne	3		3.5	4	3	5	4	4.5
717 Bourke Street, Docklands[4]								
1. 717 Bourke Street	3	5	4.5	4.5	3.5	5	5.5 (Combined score)	4.5
2. Mayfield Place				3.5		4		4

1 Green Star Performance ratings range from 1 Star (Minimum Practice) to 6 Star (World Leadership), with Green Star Design ratings ranging from 4-6 Star Green Star. NABERS building efficiency ratings range from 1 star (Making a Start) to 6 stars (Market Leading). For more information see **https://new.gbca.org.au/green-star/rating-system/performance/.**

2 Green Star Design ratings ranging from 4-6 Star Green Star, for more information see **https://new.gbca.org.au/green-star/rating-system/.**

3 NABERS provides ratings for building efficiency across: Energy, Water, Waste and Indoor environment, for more information see **https://www.nabers.gov.au/.**

4 717 Bourke Street, Docklands is divided into two separate towers separated by a carpark. The main tower, with an entrance at 717 Bourke Street, is owned and operated by Rest. The Mayfield Place entrance is a smaller tower (four floors) and positioned on top of the car park. The total complex can be described in four parts – main tower, car park, Mayfield tower and hotel. Everything is owned and operated by Rest, excluding the hotel. The car park runs through both towers. The separate towers result in two ratings for the building, as they typically have separate mechanical services. The rating for waste is combined for the entire complex.

Rest Direct Office Property Portfolio (continued)

Our direct office portfolio is strategically focused on creating sustainable assets that are efficient in resource use and designed to withstand climate-related challenges. We are committed to operational excellence and are actively pursuing our ambitious goal for our direct office property portfolio to achieve net-zero carbon emissions in operation by 2030.

We have undertaken a range of sustainability actions across our direct office property portfolio including:

- **Electrification Studies:** We initiated formal electrification studies at 717 Bourke Street and 140 William Street to transition away from fossil fuels and reduce our carbon footprint.
- **NABERS Commitment:** By participating in the annual NABERS (National Australian Built Environment Rating System) Sustainability Index, we've increased transparency around our environmental performance, demonstrating our dedication to continuous improvement.
- **Modern Slavery Compliance:** We conducted comprehensive Modern Slavery surveys with all regular trades and suppliers, enhancing the governance and ethical standards across our supply chain.
- **Solar Energy Advancements:** At 717 Bourke Street, we installed an additional 25 kW solar array over reclaimed roof space, which has boosted our renewable energy capacity to a total of 122 kW.
- **Energy Efficiency Improvements:** The overhaul of 140 William Street's high voltage/low voltage (HV/LV) infrastructure led to a decrease in unidentified power losses, indicating greater energy efficiency and reduced waste.
- **Third Space Development:** We delivered a modern 'third space' at 717 Bourke Street, complete with versatile meeting and conference facilities amidst a backdrop of lush greenery, fostering an environment that supports evolving work styles and new ways of working.
- **Health and Wellness Promotion:** Recognising the importance of health and well-being, we installed an all-access gymnasium at 140 William Street, offering occupants a convenient and inclusive space to maintain physical fitness.
- **Sustainability Collaboration:** To enhance data sharing and implement best practices, we've formalised Building Sustainability Committees, facilitating better collaboration and informed decision-making in our journey towards sustainability.

Our planned strategic initiatives for Rest's direct property portfolio that we operate and control[1] include:

- **Sustained Renewable Energy Commitment:** We aim to continue to secure renewable energy contracts for the entire direct office property portfolio, ensuring that clean energy powers operations at these buildings.
- **Green Star Performance Alignment:** New policies are being crafted to align closely with the Green Building Council's Green Star Performance v2 platform, setting a high standard for sustainable practices across these buildings.
- **Structured Internal Reporting:** To enhance internal transparency and accountability, we are in the process of establishing a more structured internal annual reporting cycle through Rest's governance channels. This will enable internal stakeholders at Rest to better track progress and the effectiveness of sustainability initiatives for the direct office property portfolio.
- **Electrification Study Actions:** We aim to actively implement the action recommendations arising from our electrification studies, prioritising the shift towards low-emission technologies.
- **Innovative Third Spaces at 140 William Street:** Plans are underway to launch third space facilities within 140 William Street, offering tenants flexible and modern workspaces that inspire collaboration and innovation.
- **All-Access Gymnasium at 717 Bourke Street:** In support of occupant health and well-being, we're excited to open a new all-access gymnasium, providing a comprehensive fitness resource for our community at 717 Bourke Street.
- **Social:** Dedicated Community Partners will play an integral role in orchestrating a diverse array of social events and activities throughout our direct office property portfolio. These partners will place a special emphasis on promoting charitable endeavors and facilitating health and wellness programs. By doing so, we aim to cultivate a culture of philanthropy and provide comprehensive wellness opportunities that benefit all tenants and surrounding communities. Our vision is to elevate each commercial space beyond its traditional business function, creating an atmosphere where social engagement and mutual support thrive.

[1] Buildings which Rest has operational control of include 140 William Street, Melbourne and 717 Bourke Street, Docklands.

2023 GRESB Rating for the Rest Direct Office Portfolio

The 2023 GRESB Standing Investments Benchmark Report for Rest Direct Office Portfolio was 4 Star. The Direct Office Portfolio is:

- Quay Quarter Tower, 50 Bridge Street, Sydney
- 52 Martin Place, Sydney
- 140 William Street, Melbourne
- 717 Bourke Street, Docklands

The period for reporting was Calendar Year 2022.

GRESB
★★★★☆ 2023

What is GRESB?

The Global Real Estate Sustainability Benchmark (GRESB) provides a consistent benchmarking framework to collect and compare key ESG indicators and related performance metrics across global real estate and infrastructure portfolios.

We encourage investment and asset managers in the relevant asset classes to conduct GRESB assessments, to give asset owners access to asset-level or fund-level ESG data, which in turn gives us a clearer view of the risk-return profile of these asset classes.
For more information see **https://www.gresb.com/nl-en/.**

03

Appendix

Appendix 1 – TCFD Signposting

The Task Force on Climate-related Financial Disclosures (TCFD) is structured around four voluntary recommendations which support climate-related financial disclosures.

Governance Disclose the organisation's governance around climate-related risks and opportunities.	**Relevant section/Page**
a) Describe the board's oversight of climate-related risks and opportunities	Pages 28-29: Governance
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Pages 28-29: Governance
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Pages 30-37: Strategy
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Pages 30-37: Strategy
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degrees Celsius or lower scenario.	Pages 30-37: Strategy
Risk management Disclose how the organisation identifies, assesses, and manages climate-related risk	
a) Describe the organisation's processes for identifying and assessing climate-related risks	Pages 38-50: Risk management
b) Describe the organisation's processes for managing climate-related risks	Pages 38-50: Risk management
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Pages 38-50: Risk management
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management framework	Pages 51-61: Metrics and targets
b) Disclose Scope 1, 2 and if appropriate Scope 3 greenhouse gas (GHG) emissions and related risks	Pages 51-61: Metrics and targets Page 18: Operational workplace emissions
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Pages 51-61: Metrics and targets Page 18: Operational workplace emissions

Appendix 2 – Relevant policies, and other helpful materials

Rest Strategy Documents	Purpose
Investment Beliefs	We have four core investment beliefs that guide and shape how we manage your retirement savings.
Sustainability	Sustainability at Rest includes how we invest responsibly, our corporate responsibilities as an organisation, and how we advocate for change on matters that are important to our members, and broader stakeholders.
Investment Guide	The Investment Guide covers the basics of investing in superannuation including asset classes, understanding risk and the Rest investment options (effective 30 September 2023).
Reflect Reconciliation Action Plan (RAP)	Our RAP formalises our commitment to addressing the inequalities that exist for Aboriginal and Torres Strait Islander peoples. It outlines how we're embedding the principles and purpose of reconciliation across our organisation and the actions we're taking to support First Nations members, businesses and communities.

Rest Policies	Purpose
Responsible Investment Policy	The purpose of this Policy is to outline the Trustee's approach to Responsible Investment.
Climate Change Policy	The Climate Change Policy is made by the Board and deals with addressing, assessing, managing, mitigating and monitoring the material risk of climate change.
Staff diversity and inclusion policy	Rest recognises that people from different backgrounds bring different skills, knowledge and experiences that assist in acting in the best interests of our members. Accordingly, Rest is committed to promoting a culture that actively values those differences and believes that diversity is an important part of promoting that culture.

Rest Codes, Statements, Reports	Purpose
Rest Code of Conduct	The Code of Conduct sets out standards of conduct and personal behaviour required and any departure from the provisions of the Code may result in disciplinary action being taken.
Supplier Code of Conduct	The intent of this code is to set out our expectations of behaviours and ethical business practices across our supply chain.
Modern Slavery Statement	Our **Modern Slavery Statement** describes how we identify and assess modern slavery risks in our operations and supply chain.
Tax Transparency Report	The way we manage tax and continue on to disclose this information to our members and the public is important. Rest is committed to transparency, the Tax Transparency report is available at **rest.com.au/annualreport**.
Other Rest Policies	A list of governance documents and policies is available at **rest.com.au/governance**.

Appendix 3 – Glossary

Acronym	Description
AASB	Australian Accounting Standards Board
ACSI	Australian Council of Superannuation Investors
ACTU	Australian Council of Trade Unions
AFC	Audit and Finance Committee
AGM	Annual General Meeting
AHRC	Australian Human Rights Commission
AICD	Australian Institute of Company Directors
AIST	Australian Institute of Superannuation Trustees
APAC	Asia-Pacific
ASFA	Association of Superannuation Funds of Australia
ASX	Australian Stock Exchange
ASFI	Australian Sustainable Finance Institute
ASRS	Australian Sustainability Reporting Standards
BAU	Business-As-Usual
BIC	Board Investment Committee
CDR	Carbon Dioxide Removal
CIO	Chief Investment Officer
CO_2	Carbon dioxide
CO_2e	Carbon Emissions Equivalent
CH_4	Methane
CRO	Chief Risk Officer
CTAP	Climate Transition Action Plan
DE&I	Diversity, Equity, & Inclusion

Acronym	Description
ELT	Executive Leadership Team
ESG	Environmental, social and governance
EVIC	Enterprise Value Including Cash
FAIRR	Farm Animal Investment Risk and Return Initiative
FNF	First Nations Foundation
FUM	Funds Under Management
Future IM/Pact	An Australian industry initiative to attract diverse talent into front-office investment teams
GBCA	Green Building Council Australia
GDP	Gross Domestic Product
GRESB	Global ESG Benchmark for Real Assets
HFCs	Hydrofluorocarbons
IAST	Investors Against Slavery and Trafficking
IEA	International Energy Agency
IFM	IFM Investors are an investment company previously known as Industry Funds Management
IFRS	International Financial Reporting Standards
IGCC	Investor Group on Climate Change
IMP	Impact Management Project
ISSB	International Sustainability Standards Board
ISWG	Indigenous Super Working Groups
KRI	Key Risk Indicator
LISTO	Low Income Superannuation Tax Offsets
LOGICs	Real Estate Logistics Impact Climate Solutions
MESC	Member and Employer Services Committee
MIC	Management Investment Committee
MIRC	Management Investment Risk Committee
MSCI	Morgan Stanley Capital International
N_2O	Nitrous Oxide
NABERS	National Australian Built Environment Rating System

Appendix 3 – Glossary

Acronym	Description
NF_3	Nitrogen Trifluoride
NGFS	Network for Greening the Financial System
NGO	Non-governmental organisation
OPIM	Operating Principles for Impact Management
Paris Agreement	United Nations Paris Agreement
PCAF	Partnership for Carbon Accounting Financials
PCRC	People Culture and Remuneration Committee
PFCs	Perfluorocarbons
PRI	Principles for Responsible Investment
QQT	Quay Quarter Tower
RAP	Reconciliation Action Plan
RC	Risk Committee
RI	Responsible Investment
RIAA	Responsible Investment Association Australasia
RMS	Risk Management Strategy
SAA	Strategic Asset Allocation
SDGs	Sustainable Development Goals
SF_6	Sulphur Hexafluoride
SHPs	Shareholder Proposals
SMCA	Super Members Council of Australia
TCFD	Task Force on Climate-Related Financial Disclosures
tCO_2e	Tonnes (t) of Carbon Dioxide (CO2) equivalent (e)
TNFD	Taskforce for Nature-related Financial Disclosures
WACI	Weighted Average Carbon Intensity
WGEA	Workplace and Gender Equality Agency
WorldGBC	World Green Building Council

Appendix 4 – Terms

Term	Description
Carbon emissions	Refers to the release of carbon dioxide (CO_2) into the atmosphere. CO_2e stands for carbon dioxide equivalent, and it is a way of expressing the total impact of greenhouse gases (GHGs) in terms of the amount of CO_2 that would have an equivalent warming effect.
Decent Work	Employment that involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for all, better prospects for personal development and social integration, freedom for people to express their concerns, organise and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.
Investment and Fund Manager ESG Ratings	• **Developing rated** Managers are working to better incorporate ESG considerations into their investment processes and active ownership practices. Their approach generally still lacks consistency or formalised practices. For example, disclosure on ESG issues may be minimal, and engagement with companies or promotion of responsible investment within the industry limited. • **Improving rated** Managers are making consistent progress to better integrating ESG considerations within their investment processes and active ownership practices. They are refining frameworks for regular monitoring and are improving their responsible investment practices. For example, they are seeking appropriate ESG disclosures from their investments, there is increased activity in promoting responsible investment principles within the industry, and greater collaboration with peers to enhance the effectiveness of their ESG processes. • **Leading rated** Managers have fully integrated ESG considerations into their investment processes and into their active ownership practices. Their proactive ESG leadership, transparent reporting, and contributing to long-term sustainable outcomes consistent with best practices can be recognised. For example, they promote the adoption of responsible investment principles within the industry, collaborate with others, and regularly report on their activities and progress towards implementing responsible investment principles and practices.
GHG	Greenhouse Gases are gases that trap heat in the Earth's atmosphere and contribute to global warming. The GHG Protocol identifies six main greenhouse gases: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6).
Impact-aligning strategies	Investment strategies where the investment manager invests in companies or assets that are aligned with sustainable development goals, but the investment strategy lacks meaningful intentionality, investor contribution, and impact measurement.
Impact-generating strategies	Investment strategies that go beyond simply investing in companies or assets that are aligned with sustainable development goals. These are strategies where investor involvement is instrumental in enhancing the impact of investee companies and where the investment manager can demonstrate how they aim to intentionally generate positive, measurable social and/or environmental impact beyond existing norms and standards.
Just Transition	A deliberate effort to plan for and invest in the transition to environmentally and socially sustainable jobs, sectors, and economies, especially as related to industries which are the most affected by the transition to a lower carbon economy.

Materiality Assessment	A strategic analysis process used by organisations to identify and prioritise social and environmental topics that are of most significance to their business and stakeholders, guiding sustainability efforts, reporting, and decision-making.
Nature positive	Nature positive describes the global goal to have more nature in the world in 2030 than in 2020 and continued recovery after that. In the Australian context it describes the circumstances where nature (i.e. species and ecosystems) are being repaired and are regenerating, rather than being in decline. For more information see **https://www.naturepositive.org/what-is-nature-positive/** and Australian Government Department of Climate Change, Energy, the Environment and Water's Nature Positive Plan **https://www.dcceew.gov.au/environment/epbc/publications/nature-positive-plan**.
Operational Workplace Emissions	• **Scope 1 Greenhouse Gas Emissions** Direct GHG emissions (including carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3)) that occur from sources owned or controlled by the reporting company, e.g. emissions from combustion in owned or controlled boilers, furnaces, vehicles. • **Scope 2 Greenhouse Gas Emissions** Indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company. Scope 2 emissions physically occur at the facility where the electricity, steam, heating, or cooling is generated. • **Scope 3 Greenhouse Gas Emissions** All other indirect GHG emissions (not included in Scope 2) that occur in the value chain of the reporting company. Scope 3 can be broken down into upstream emissions and downstream emissions. Upstream emissions include all emissions that occur in the life cycle of a material/product/service up to the point of sale by the producer, such as from the production or extraction of purchased materials. Downstream emissions include all emissions that occur as a consequence of the distribution, storage, use, and end-of-life treatment of the organisation's products or services.
Financed GHG emissions	GHG emissions that banks and investors finance through their loans and investments.
Physical Risk	Physical risks may have financial implications for organisations, such as direct damage to assets and indirect impacts from supply chain disruption. They can be acute, e.g. weather-related events such as cyclones or hurricanes, droughts, floods, fires, or chronic, e.g. temperature increase, sea-level rise and biodiversity loss.
Real-world change	Real-world change refers to the positive or negative effects on people, society, and the environment resulting from investment decisions and activities.
Transition Risk	The risks from the transition to a lower carbon economy, including policy and regulatory risks, technology risks, market risks, reputational risks and legal risks.

We’re here to help

Visit us
rest.com.au/contact-us for operating hours

Live Chat
rest.com.au

1300 300 778

Get the Rest App by scanning the QR code with your smartphone camera.

Issued by Retail Employees Superannuation Pty Limited ABN 39 001 987 739 AFSL 240003 (Rest) as trustee for Retail Employees Superannuation Trust ABN 62 653 671 394 Unique Superannuation Identifier RES0103AU PO Box 350 Parramatta NSW 2124